IGC RESOURCES INC.

FILING STATEMENT

In respect of the Reverse Takeover pursuant to Policy 5.2 of the TSX Venture Exchange of IGC Resources Inc. with Westleaf Cannabis Inc.

Dated as of November 29, 2018

Neither the TSX Venture Exchange Inc. (the "Exchange") nor any securities regulatory authority has in any way passed upon the merits of the Reverse Takeover described in this Filing Statement.

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AUDITORS' CONSENT – BUCKLEY DODDS LLP (AS AUDITORS OF IGC RESOURCES INC.)
AUDITORS' CONSENT – MNP LLP (AS AUDITORS OF WESTLEAF)

ACKNOWLEDGEMENT OF PERSONAL INFORMATION
CERTIFICATE OF IGC RESOURCES INC.
CERTIFICATE OF WESTLEAF CANNABIS INC.

GLOSSARY OF TERMS

Unless the context otherwise provides, the following terms used in this Filing Statement and the Appendices hereto shall have the meanings ascribed to them as set forth below:

"**ABCA**" means the *Business Corporations Act* (Alberta), as may be amended from time to time, including all regulations promulgated thereunder;

"**ACMPR**" means the *Access to Cannabis for Medical Purposes Regulations*, SOR/2016-230, as may be amended from time to time;

"**Affiliate**" means a Company that is affiliated with another Company as described below:

A Company is an "Affiliate" of another Company if:

(a) one of them is the subsidiary of the other, or

(b) each of them is controlled by the same Person.

A Company is "controlled" by a Person if:

(a) voting securities of the Company are held, other than by way of security only, by or for the benefit of that Person, and

(b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the Company.

A Person beneficially owns securities that are beneficially owned by:

(a) a Company controlled by that Person, or

(b) an Affiliate of that Person or an Affiliate of any Company controlled by that Person;

"**Amalco**" means the amalgamated company continuing following the Amalgamation, which will be a wholly-owned Subsidiary of IGC following Closing;

"**Amalco Shares**" means the common shares of Amalco;

"**Amalgamation**" means the amalgamation of Westleaf, IGC, and IGC SubCo to be completed pursuant to the ABCA and the terms and conditions of the Amalgamation Agreement, pursuant to which all of the securityholders of Westleaf will become securityholders of the Resulting Issuer;

"**Amalgamation Agreement**" means the amalgamation agreement dated October 4, 2018, as amended, among Westleaf, IGC, and IGC SubCo pursuant to which the business and assets of Westleaf and IGC will be combined by way of a statutory amalgamation;

"**ARPIC**" means alternative responsible person in charge, as defined under the ACMPR;

"**Associate**" when used to indicate a relationship with a Person or Company, means:

(a) an issuer of which the Person or Company beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer,

(b) any partner of the Person or Company,

(c) any trust or estate in which the Person or Company has a substantial beneficial interest or in respect of which a Person or Company serves as trustee or in a similar capacity,

(d) in the case of a Person, a relative of that Person, including

(i) that Person's spouse or child, or

(ii) any relative of the Person or of his spouse who has the same residence as that Person;

but

(e) where the Exchange determines that two Persons shall, or shall not, be deemed to be associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D with respect to that Member firm, Member corporation or holding company;

"**ATB**" means Alberta Treasury Branch;

"**Atlas Warrants**" means share purchase warrants of Westleaf to be issued in connection with an advisory agreement between Westleaf and Atlas Capital. Each Atlas Warrant entitles the holder thereof to acquire one Westleaf Common Share at any time and from time to time until 4:00 p.m. on the date that is two years from day such warrant was issued on payment of $0.85 per Westleaf Common Share;

"**Available Funds**" means the funds available to the Resulting Issuer upon completion of the Transaction as set forth under "*Part III – Information Concerning the Resulting Issuer – Available Funds and Principal Purposes*";

"**Battleford Facility**" means Westleaf's cannabis cultivation facility to be located on a Saskatchewan First Nation near Battleford, Saskatchewan;

"**Battleford Project**" means the greenfield build of the Battleford Facility;

"**BCBCA**" means the *Business Corporations Act* (British Columbia), as may be amended from time to time, including all regulations promulgated thereunder;

"**Board**" means the board of directors of the Corporation, Westleaf, or the Resulting Issuer, as applicable to the context;

"**Cannabis Act**" or "**Bill C-45**" means Bill C-45: *An Act respecting cannabis and to amend the Controlled Drugs and Substances Act, the Criminal Code and other Acts*, Eliz. II: 64-65-66;

"**CBD**" means cannabidiol;

"**CEO**" means Chief Executive Officer;

"**CDSA**" means the *Controlled Drugs and Substances Act*, SC 1996, c 19;

"**CFO**" means Chief Financial Officer;

"**Closing**" means the completion of the Transaction in accordance with the terms of the Amalgamation Agreement;

"**Closing Date**" means the date upon which the Corporation completes the Transaction, which is anticipated to be on or after December 5, 2018, or such later date as may be determined by IGC and Westleaf;

"**Closing Time**" means 12:01 a.m. (Calgary time) on the Closing Date;

"**Concurrent Financing**" means the brokered private placement of a minimum of 17,648,000 Subscription Receipts of IGC at a price of $0.85 per Subscription Receipt to raise, on a commercially reasonable efforts basis, gross proceeds of a minimum of $15,000,800;

"**Company**" unless specifically indicated otherwise, means a corporation, incorporated association, or organization, body corporate, partnership, trust, association, or other entity other than an individual;

"**Completion of the Transaction**" means the date the Final Exchange Bulletin is issued by the Exchange;

"**Consolidation**" means the consolidation of the IGC Shares, on the basis of 1 IGC Post-Consolidation Share for every 2.9233 IGC Shares, or such other ratio as may be agreed to by IGC and Westleaf, to be completed immediately prior to Closing;

"**Control Person**" means any Person or Company that holds or is one of a combination of Persons or Companies that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer;

"**COO**" means Chief Operating Officer;

"**Corporation**", or "**IGC**" means IGC Resources Inc., a company incorporated under the laws of British Columbia with a corporate office at 228 – 16th Street NW, Calgary, Alberta, T2N 2B9;

"**CTLS**" means the Cannabis Tracking and Licensing System as established by Health Canada;

"**Delta 9**" means Delta 9 Cannabis Inc., a corporation incorporated pursuant to the MBCA;

"**Delta 9 Performance Warrants**" means share purchase warrants in the capital of Westleaf whereby each Delta 9 Performance Warrant entitles Delta 9 to acquire one Westleaf Common Share, at a price of $0.50 per Westleaf Common Share, at any time, until 4:30 p.m. on the second anniversary date of the issue date of such Delta 9 Performance Warrant;

"**Delta West Facility**" means large-scale cannabis facility in Calgary, Alberta, jointly developed by Westleaf and Delta 9;

"**Delta West Loan Facility**" means the two-year loan facility arrangement with ATB entered into by Delta West Inc. and Delta West Limited Partnership;

"**EBITDA**" means earnings before interest, taxes, depreciation and amortization, and is a non-IFRS reporting measure;

"**Effective Time**" means 12:01 a.m. Calgary time on the Closing Date;

"**Escrow Policy**" means TSXV Policy 5.4 – *Escrow, Vendor Consideration and Resale Restrictions*;

"**Exchange**" or "**TSXV**" means the TSX Venture Exchange Inc.;

"**Exchange Policy**" or "**TSXV Policy**" means the policies of the TSXV;

"**Federal Government**" means the Government of Canada;

"**Filing Statement**" means this filing statement of the Corporation including all Appendices attached hereto and amendments hereof, if any;

"**Filing Statement Date**" means the date of this Filing Statement, being November 29, 2018;

"**Final Exchange Bulletin**" means the bulletin which is issued by the Exchange following Closing and the submission of all required documentation and that evidences the final acceptance of the Transaction by the TSXV;

"**IFRS**" means International Financial Reporting Standards;

"**IGC Name Change**" means the name change of the Corporation to "Westleaf Inc.", to be approved by the directors of IGC and completed prior to Closing;

"**IGC Option Plan**" means the incentive stock option plan of the Corporation which was in place prior to the New IGC Option Plan;

"**IGC Options**" means options to purchase IGC Shares pursuant to the IGC Option Plan;

"**IGC Post-Consolidation Shares**" means the common shares in the capital of the Corporation that will be issued and outstanding following the Consolidation;

"**IGC RSU Plan**" means the restricted share unit plan of IGC to be considered for approval by the IGC Shareholders at the IGC Shareholder Meeting;

"**IGC RSUs**" means the restricted share units of IGC issued pursuant to the IGC RSU Plan;

"**IGC Shareholders**" means the holders of IGC Shares;

"**IGC Share Consolidation**" means the share consolidation of IGC effective Thursday, March 22, 2018, whereby the issued and outstanding IGC Shares were consolidated on the basis of one (1) post-consolidation IGC Share for every ten (10) pre-consolidation IGC Shares held;

"**IGC Shareholder Meeting**" means the annual general and special meeting of IGC Shareholders to be held prior to the Closing Date;

"**IGC Shares**" means the common shares in the capital of IGC;

"**IGC SubCo**" means 2147378 Alberta Ltd., a wholly-owned Subsidiary of IGC incorporated under the ABCA;

"**IGC SubCo Shares**" means the common shares in the capital of IGC SubCo;

"**IGC Warrants**" means share purchase warrants of IGC entitling holders thereof to acquire one IGC Share at any time and from time to time until 4:00 p.m. (Vancouver time) on payment of $0.10 per share.

"**Initial Listing Requirements**" has the meaning ascribed to such term in Exchange Policy 2.1 – *Initial Listing Requirements*;

"**Insider**" if used in relation to an issuer, means:

(a) a director or senior officer of the issuer,

(b) a director or senior officer of a company that is an Insider or subsidiary of the issuer,

(c) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the issuer, or

(d) the issuer itself if it holds any of its own securities;

"**Intellectual Property Rights**" means any statutory or non-statutory intellectual property rights in any jurisdiction, including any issued, pending, registered, filed or unfiled application for any patent (including any utility, design or plant patent, and including any continuation, continuation-in-part, divisional, re-issue, re-examination, national phase entry or regional phase entry application), copyright, trademark, industrial design, plant breeder's right,

registration, or other statutory intellectual property right, and any trade secret, know-how, goodwill, or other intellectual property or other proprietary right, and any written or unwritten title, interest, license, right to bring or participate in any proceeding for past infringement or any other actionable right under or relating to any intellectual property right, or any other rights to any of the foregoing, relating to any standard operating procedures, production processes, packaging processes, labeling processes, ingredients, technology, inventions, plant varieties, clonally propagated plan material, stable cultivars, business management processes, compilations of information, contracts, records, specifications, business procedures, label designs, branding, compliance documentation, files, records, documents, drawings, specifications, equipment and data (data includes all information whether written or in an electronic format), and including any suppliers, manufacturers, equipment, methodologies, customer lists or other relevant information, relating to any of the foregoing, pertaining to the business of a party;

"**ITA**" means the *Income Tax Act* (Canada);

"**Key Personnel**" means any of Westleaf's officers, directors, SRPIC, RPIC, and ARPIC;

"**LCRB**" means the Liquor and Cannabis Regulation Branch of British Columbia;

"**LDB**" means the Liquor Distribution Branch of British Columbia;

"**LGCA**" means the Liquor, Gaming and Cannabis Authority of Manitoba;

"**Licensed Producer**" or "**LP**" means the holder of a license issued under Section 35 of the ACMPR;

"**Liquidity Warrants**" means share purchase warrants in the capital of Westleaf which entitle the holders thereof to receive, for no additional consideration and without further action on the part of the holder, one-tenth (1/10) of one fully paid and non-assessable Westleaf Common Share in the event that a Liquidity Transaction has not occurred before the liquidity deadline. A "**Liquidity Transaction**" means in respect of Westleaf: (i) listing of Westleaf's securities on a recognized stock exchange; (ii) a merger, combination, reverse take-over, amalgamation, plan or Amalgamation, qualifying transaction or other form of business combination with or into any other person, the securities of which are listed on a recognized stock exchange; (iii) the sale or exchange of all or substantially all of the Westleaf Common Shares for cash or the sale of all or substantially all of the assets of Westleaf followed by one or more liquidating distributions for cash; or (iv) any combination of the events or circumstances described above.

"**MBCA**" means the *Corporations Act* (Manitoba), as may be amended from time to time, including all regulations promulgated thereunder;

"**MD&A**" means management's discussion and analysis;

"**Named Executive Officers**" or "**NEO**" means the following individuals:

(a) each Chief Executive Officer;

(b) each Chief Financial Officer;

(c) each of a Company's three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the Chief Executive Officer and Chief Financial Officer, at the end of the most recently completed financial year whose total compensation was, individually, more than $150,000 for that financial year; and

(d) each additional individual who would be a NEO under (c) above, but for the fact that the individual was neither an executive officer of a Company, nor acting in a similar capacity, at the end of the most recently completed financial year;

"**NEX**" means the NEX board of the Exchange;

"**New IGC Option Plan**" means the incentive stock option plan of IGC to be approved by IGC;

"**Non-Arm's Length Party**" has the meaning given to such term in TSXV Policy 1.1 – *Interpretation*;

"**NI 51-102**" means National Instrument 51-102 – *Continuous Disclosure Obligations*;

"**OMC**" means the Office of Medical Cannabis at Health Canada;

"**Person**" means a Company or an individual;

"**Pro-Forma Financial Statements**" means the unaudited pro-forma consolidated statement of financial position of the Resulting Issuer as at July 31, 2018 and the notes thereto, attached to this Filing Statement as **Appendix "E"**;

"**Promoter**" means (a) a person or company who, acting alone or in conjunction with one or more other persons, companies or a combination thereof, directly or indirectly, takes the initiative in funding, organizing or substantially reorganizing the business of an issuer; or (b) a person or company who, in connection with the founding, organizing or substantial reorganizing of the business of an issuer, directly or indirectly, receives in consideration of services or property, or both services and property, 10 percent or more of any class of securities of the issuer or 10 percent or more of the proceeds from the sale of any class of securities of a particular issuer, but a person or company who receives such securities or proceeds either solely as underwriting commissions or solely in consideration of property shall not be deemed a promoter within the meaning of this definition if such person or company does not otherwise take part in founding, organizing or substantially reorganizing the business;

"**Resulting Issuer**" means the issuer that exists upon completion of the Transaction;

"**Resulting Issuer Atlas Warrants**" means the share purchase warrants issued by the Resulting Issuer to the holders of Atlas Warrants;

"**Resulting Issuer Delta 9 Warrants**" means the share purchase warrants issued by the Resulting Issuer to the holders of Delta 9 Performance Warrants;

"**Resulting Issuer Escrow Agreement**" means TSX Venture Exchange Form 5D – *Escrow Agreement*, pursuant to which certain Resulting Issuer Shares to be issued by the Corporation to certain of the Westleaf Shareholders in connection with the Transaction will be deposited and held in escrow by the Transfer Agent;

"**Resulting Issuer Escrow Shares**" means Resulting Issuer Shares required to be held in escrow pursuant to Section 4 of TSXV Policy 5.4 – *Escrow, Vendor Consideration and Resale Restrictions*;

"**Resulting Issuer Finder's Warrants**" means the share purchase warrants issued by the resulting Issuer to the holders of Westleaf Finder's Warrants;

"**Resulting Issuer Options**" means share purchase options of the Resulting Issuer issued to holders of Westleaf Options;

"**Resulting Issuer Shares**" means common shares of the Resulting Issuer, after the Closing;

"**Resulting Issuer Preferred Shares**" means the non-voting preferred shares in the capital of the Resulting Issuer;

"**Resulting Issuer Replacement Warrants**" means the share purchase warrants issued by the Resulting Issuer to holders of Westleaf Purchase Warrants;

"**Resulting Issuer RSUs**" means restricted share units of the Resulting Issuer issued to holders of Westleaf RSUs;

"**RPIC**" means responsible person in charge, as defined under the ACMPR;

"**SLGA**" means the Saskatchewan Liquor and Gaming Authority;

"**Sponsor**" has the meaning specified in the Sponsorship Policy;

"**Sponsorship Policy**" means TSXV Policy 2.2 – *Sponsorship and Sponsorship Requirements*;

"**SRPIC**" means a senior responsible person in charge, as defined under the ACMPR;

"**Subscription Receipts**" means the subscription receipts of IGC issued in connection with the Concurrent Financing at a price of $0.85 per Subscription Receipt;

"**Subsidiary**" has the meaning set forth in the ABCA;

"**THC**" means tetrahydrocannabinol;

"**Thunderchild**" means Thunderchild First Nation;

"**Transaction**" or "**Proposed Transaction**" means the reverse takeover of IGC by Westleaf to be completed by way of the Amalgamation in accordance with the Amalgamation Agreement;

"**Transfer Agent**" means Computershare Trust Company of Canada, the transfer agent and registrar of IGC, or its successors from time to time;

"**VIII Capital Warrants**" means share purchase warrants of Westleaf to be issued on the Closing Date in connection with an advisory agreement between Westleaf and Eight Capital in connection with the Concurrent Financing whereby each VIII Capital Warrant entitles the holder to acquire one Westleaf Common Share at any time and from time to time until 4:00 p.m. on the date that is two years from day such warrant was issued on payment of $0.85 per Resulting Issuer Share.

"**WCMI**" means Westleaf's wholly-owned subsidiary, Westleaf Cultivation Management I Inc.;

"**WCMI Facilities**" means the credit facility commitment letter with ATB Financial through WCMI providing for a combination of credit facilities totalling up to approximately $24 million.

"**WCMI Project**" means Phase 1 of the greenfield build of WCMI's cannabis production facility;

"**Westleaf**" means Westleaf Cannabis Inc.;

"**Westleaf Common Shares**" or "**Westleaf Shares**" means the common shares in the capital of Westleaf;

"**Westleaf Finder's Warrants**" means non-transferable compensation warrants in conjunction with Westleaf's private placement on March 29, 2018, each of which entitle the holder to purchase from Westleaf one Westleaf Common Share at any time and from time to time until 4:00 p.m. on March 29, 2020 on payment of $0.75 per Westleaf Common Share;

"**Westleaf Options**" means the options to purchase Westleaf Common Shares pursuant to the Westleaf Option Plan;

"**Westleaf Option Plan**" means the incentive stock option plan of Westleaf;

"**Westleaf Performance Warrants**" means a share purchase warrant in the capital of Westleaf entitling the holder thereof to acquire one Westleaf Common Share, at a price of $0.001 per Westleaf Common Share, at any time, until 4:30 p.m. on the second anniversary date of the issue date of such Westleaf Performance Warrant;

"**Westleaf Preferred Shares**" means the preferred shares in the capital of Westleaf;

"**Westleaf Purchase Warrants**" means share purchase warrants of Westleaf issued in connection with the October 2, 2018 private placement of Westleaf whereby each Westleaf Purchase Warrant entitles the holder to acquire one Westleaf Common Share at any time and from time to time until 4:00 p.m. on October 2, 2020 on payment of $1.30 per Westleaf Common Share. The Westleaf Purchase Warrants provide that Westleaf will have the right, on not less than five (5) days prior written notice to the holder, to accelerate the expiry of the Westleaf Purchase Warrants at

any time where the ten (10) day volume weighted average trading price of the Westleaf Common Shares on any public stock exchange is greater than $1.80;

"**Westleaf RSUs**" means restricted share units in Westleaf awarded to certain directors, officers, and employees of Westleaf and its Affiliates pursuant to the Westleaf RSU Plan;

"**Westleaf RSU Plan**" means Westleaf's Restricted Share Unit Award Plan;

"**Westleaf Shareholders**" means the holders of Westleaf Common Shares; and

"**Westleaf Units**" means units in the capital of Westleaf comprised of one Westleaf Common Share and one Liquidity Warrant.

Words importing the singular number only include the plural and vice versa, and words importing any gender include all genders.

FORWARD LOOKING STATEMENTS AND CAUTIONARY INFORMATION

This Filing Statement contains forward-looking statements concerning the business, operations, and financial performance and condition of IGC, Westleaf, and the Resulting Issuer, as applicable. All statements other than statements of historical fact contained in this Filing Statement are forward looking statements, including, without limitation, statements regarding the future financial position, business strategy, proposed acquisitions, budgets, litigation, projected costs, plans, and objectives of or involving IGC, Westleaf, or the Resulting Issuer. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "believes", "expects", "will", "intends", "projects", "anticipates", "estimates", "forecasts", "budgets", "continuous", or similar words or the negative thereof.

Forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this Filing Statement reflect the current expectations, assumptions, or beliefs of IGC based on information currently available to it and on management's experience and expertise. Examples of such statements include: (A) the intention to complete the Transaction and the Concurrent Financing; (B) the description of the Resulting Issuer that assumes Completion of the Transaction and the Concurrent Financing; (C) the intention to grow the business and operations of the Resulting Issuer; (D) statements regarding the issuance of licenses from Health Canada; and (E) statements regarding the issuance of retail store licenses. Many factors could cause the actual results, performance, or achievements to be materially different from any future results, performance, or achievements that may be expressed or implied by such forward-looking statements, including, without limitation, those listed in the "*Part VI – Risk Factors*" section of this Filing Statement. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance, or achievements may vary materially from those expressed or implied by the forward-looking statements contained in this Filing Statement. These factors should be considered carefully and prospective investors should not place undue reliance on the forward-looking statements. Although the forward-looking statements contained in this Filing Statement are based upon what management currently believes to be reasonable assumptions, neither IGC nor Westleaf can assure prospective investors that actual results, performance, or achievements will be consistent with these forward-looking statements. IGC, Westleaf, and the Resulting Issuer assume no responsibility to update forward looking statements, other than as may be required by applicable securities laws.

Factors that could cause actual results or events to differ materially from current expectations include, but are not limited to:

(a) failure to complete the Concurrent Financing;

(b) the use of Available Funds by the Resulting Issuer;

(c) results and performance of the Resulting Issuer;

(d) cost structure of certain projects/milestones of the Resulting Issuer;

(e) failure to receive licenses from Health Canada for the Delta West Facility and the Battleford Facility;

(f) failure to receive retail licenses for any of the proposed retail locations;

(g) growth expectations and any proposed acquisitions by the Resulting Issuer;

(h) the tax horizon of the Resulting Issuer;

(i) changes in market dynamics including business relationships and competition;

(j) capital expenditure programs and the timing and funding thereof;

(k) the impact of federal, state, provincial, territorial, and other governmental regulation on the Resulting Issuer, relative to other issuers of similar size participating in similar business environments;

(l) increased governmental regulation;

(m) expectations relating to the ability of the Resulting Issuer to raise capital;

(n) treatment under governmental regulatory regimes and tax laws;

(o) conflicts of interest;

(p) changes in key management;

(q) expansion plans of the Resulting Issuer not being completed as expected or at all;

(r) trademark challenges;

(s) realization of the anticipated benefits of acquisitions and dispositions; and

(t) the timing and completion of the Transaction.

The forward-looking statements contained in this Filing Statement speak only as of the date of this Filing Statement. The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. IGC assumes no obligation to update these forward-looking statements except as may otherwise be required pursuant to applicable laws.

This Filing Statement includes certain measures which have not been prepared in accordance with IFRS, namely "Adjusted EBITDA". These terms are not measures that have any standardized meaning prescribed by IFRS and are considered non-IFRS measures. While these measures may not be comparable to similar measures presented by other issuers, these measures have been described and presented in this Filing Statement to provide shareholders and potential investors with additional information regarding Westleaf's results, liquidity, and its ability to generate funds to finance its operations. When assessing Westleaf's operating performance or liquidity, investors and others should not consider this data in isolation or as a substitute for net profit, cash flow from operating activities, or other cash flow data calculated in accordance with IFRS. In addition, Westleaf's calculation of Adjusted EBITDA may not be comparable to EBITDA or similarly titled measures utilized by other companies since such other companies may not calculate EBITDA in the same manner. The Non-IFRS measure "Adjusted EBITDA" used in this Filing Statement is calculated as follows: Adjusted EBITDA is a non-IFRS measure, defined as profit for the period before nonrecurring expenditures, foreign exchange gains or losses, interest expense, income taxes, acquisition-related costs, depreciation, and amortization.

CURRENCY PRESENTATION

In this Filing Statement, all references to "$" or "CDN$" refer to Canadian dollars.

MARKET AND INDUSTRY DATA

The market and industry data contained in this Filing Statement is based upon information from independent industry and other publications and Westleaf's knowledge of, and experience in, the industry in which Westleaf operates. None of the sources of market and industry data have provided any form of consultation, advice, or counsel regarding any aspect of, or are in any way whatsoever associated with the Transaction. Market and industry data is subject to variations and cannot be verified with complete certainty due to limits on the availability and reliability of raw data at any particular point in time, the voluntary nature of the data gathering process, or other limitations and uncertainties inherent in any statistical survey. Accordingly, the accuracy and completeness of this data is not guaranteed. Neither IGC nor Westleaf have independently verified any of the data from third party sources referred to in this Filing Statement or ascertained the underlying assumptions relied upon by such sources.

INFORMATION CONCERNING IGC RESOURCES INC.

The information contained or referred to in this Filing Statement relating to IGC has been furnished by the Corporation. Although Westleaf has no knowledge that would indicate that any statements contained herein concerning IGC are untrue or incomplete, neither Westleaf nor any of its directors or officers assumes any responsibility for the accuracy or completeness of such information or for any failure by IGC to ensure disclosure of events or facts that may have occurred which may affect the significance or accuracy of any such information.

INFORMATION CONCERNING WESTLEAF

The information contained or referred to in this Filing Statement relating to Westleaf and the description of the business of the Resulting Issuer anticipated upon the completion of the Transaction has been furnished by Westleaf. Although IGC has no knowledge that would indicate that any statements contained herein concerning Westleaf and the description of the business of the Resulting Issuer anticipated upon the completion of the Transaction are untrue or incomplete, neither IGC nor any of its directors or officers assumes any responsibility for the accuracy or completeness of such information or for any failure by Westleaf to ensure disclosure of events or facts that may have occurred which may affect the significance or accuracy of any such information.

SUMMARY OF FILING STATEMENT

The following is a summary of information relating to IGC, Westleaf, and the Resulting Issuer (assuming Completion of the Transaction) and should be read together with the more detailed information and financial data and statements contained elsewhere in this Filing Statement. Reference is made to the Glossary of Terms for the definitions of certain abbreviations and terms used in this Filing Statement and in this Summary. This Filing Statement has been prepared in accordance with TSXV Policy 5.2 – Changes of Business and Reverse Takeovers and TSXV Form 3D2 – Information Required in a Filing Statement for a Reverse Takeover or Change of Business. Unless otherwise noted, all information provided in this summary and in this Filing Statement is current as of November 29, 2018.

Unless otherwise stated herein, all capitalized terms herein shall have the meaning set forth in the Glossary of Terms.

IGC Resources Inc. and IGC SubCo

IGC was incorporated under the laws of British Columbia on September 28, 1992. Originally incorporated as 433043 BC Ltd., IGC changed its name to Green Ice Corporation on October 20, 1992 and to International Green Ice Inc. on July 21, 1999. On July 21, 2004, IGC changed its name from International Green Ice Inc. to IGC Resources Inc. upon continuation into British Columbia from Yukon, a territory to which it continued into on March 3, 2000. IGC's previous principal business activities historically included the exploration and evaluation of natural resource properties in Canada. Presently, IGC has ceased to carry on an active business and was moved from the Exchange to the NEX on July 10, 2014, due to its inability to meet the TSXV Tier 2 listing requirements. IGC is currently listed on the NEX under the symbol "IGC.H".

The head office of IGC is located at 228 – 16th Street N.W., Calgary, Alberta, T2N 2B9 and IGC's registered office is located at suite 700 – 595 Burrard Street, Vancouver, BC V7X 1S8.

Trading in the IGC Shares was halted on October 4, 2018. The IGC Shares will remain halted until IGC receives a Final Exchange Bulletin regarding the Proposed Transaction.

IGC SubCo was incorporated pursuant to the provisions of the ABCA on October 4, 2018 and has its head office and registered and records office located at Suite 1900, 520 – 3rd Avenue SW, Calgary, Alberta, T2P 0R3. IGC SubCo is a wholly-owned Subsidiary of IGC, incorporated by IGC for the purpose of completing the Transaction.

See "Part I – Information Concerning IGC Resources – General Development of the Business".

Westleaf

Westleaf was incorporated under the ABCA on August 22, 2017 as Westleaf Capital Corp. and changed its name to Westleaf Cannabis Inc. on January 16, 2018 by way of Certificate of Amendment. Westleaf's registered and records office is located at Suite 1900, 520 – 3rd Avenue SW, Calgary, Alberta, T2P 0R3, and Westleaf's head office is located at 1000, 517 – 10th Avenue SW, Calgary, Alberta, T2R 0A8.

Westleaf is a private, vertically integrated cannabis cultivation and sales company. Westleaf is headquartered in Calgary, Alberta and since incorporation Westleaf has used its funds to execute its business plan, which includes the development of a cannabis facility in the province of Saskatchewan, the development of a cannabis extraction facility in Alberta, and applications for prospective retail cannabis stores in British Columbia, Alberta, and Saskatchewan. With a focus on premium retail locations, cannabis cultivation, processing, and extraction operations, Westleaf intends to deliver a distinct product offering and in-store customer experience. Westleaf seeks to deliver Canadian-made cannabis products curated in production facilities and laboratories. Once both of Westleaf's planned cannabis facilities are fully operational and it has received the necessary Cannabis Act licenses, Westleaf expects to have approximately 175,000 square feet devoted to cannabis production and manufacturing. Westleaf also intends to develop and manufacture a range of cannabis products for sale and intends to establish retail cannabis locations in Manitoba and Ontario in accordance with applicable regulations.

See *"Part II – Information Concerning Westleaf – Name and Incorporation"* and *"Part II –*

Information Concerning Westleaf – History".

Proposed Transaction

IGC, IGC SubCo, and Westleaf entered into the Amalgamation Agreement on October 4, 2018. Pursuant to the terms of the Amalgamation Agreement, IGC, IGC SubCo, and Westleaf propose to combine the business and assets of Westleaf and IGC by way of a statutory amalgamation between Westleaf and IGC SubCo under the ABCA to create Amalco, and upon completion of the Transaction, Amalco shall be a wholly-owned subsidiary of IGC. Upon completion of the Proposed Transaction, the Resulting Issuer will carry on the business previously carried on by Westleaf.

Under the terms of the Amalgamation Agreement: (i) Westleaf and IGC SubCo will amalgamate under the ABCA; (ii) all outstanding Westleaf Options will become exercisable for an equivalent number of Resulting Issuer Shares in accordance with their terms; (iii) all outstanding Westleaf RSUs issuable pursuant to Westleaf's RSU Plan, if any, will be cancelled and replaced with an equivalent number of restricted share units of IGC; (iv) all outstanding Westleaf Common Share purchase warrants will become exercisable for an equivalent number of Resulting Issuer Shares in accordance with their terms; (v) all outstanding Westleaf Performance Warrants, if any, will become exercisable for an equivalent number of Resulting Issuer Shares in accordance with their terms; (vi) each Westleaf Common Share will be cancelled and replaced by one fully paid and non-assessable Resulting Issuer Share; (vii) each issued and outstanding IGC SubCo Share will be cancelled and replaced by a common share of Amalco; and (viii) as consideration for the issuance of the IGC Shares to effect the Proposed Transaction, Amalco will issue to IGC one common share of Amalco for each IGC Share issued to the previous holders of Westleaf Common Shares.

In addition to the Amalgamation, there are a number of transactions that are expected to occur concurrently with or prior to the Amalgamation, including the Concurrent Financing. Upon completion of the Proposed Transaction, the Resulting Issuer will change its name to "Westleaf Inc.", or such other name as the directors of the Resulting Issuer may determine.

It is estimated that there will be an aggregate of approximately 85,975,699 Resulting Issuer Shares issued and outstanding immediately following completion of the Proposed Transaction (excluding Resulting Issuer Shares issued in exchange for Subscription Receipts issued under the Concurrent Financing) resulting in: (i) current holders of IGC Shares holding approximately 3,645,346 (4.24%) Resulting Issuer Shares; and (ii) current holders of Westleaf Shares holding approximately 82,330,353 (95.76%) Resulting Issuer Shares. Each Resulting Issuer Share issued to the holders of Westleaf Shares shall be issued at a deemed price of $0.54 per Resulting Issuer Share for aggregate consideration of approximately $44,458,390.

The Amalgamation Agreement may be terminated: (i) by mutual written consent of IGC, IGC SubCo, and Westleaf; (ii) by either IGC, IGC SubCo, or Westleaf if any of the conditions precedent set out in the Amalgamation Agreement is not satisfied; or (c) if the Closing Date does not occur by December 31, 2018.

The Amalgamation Agreement may, at any time on or before the Closing Date, be amended by mutual agreement between IGC, IGC SubCo, and Westleaf. The Amalgamation Agreement may not be amended except by an instrument in writing signed by the appropriate officers on behalf of each of the parties to the Amalgamation Agreement.

In addition to the Amalgamation, there are a number of transactions that are expected to occur concurrently with or prior to the Amalgamation, including the Concurrent Financing.

Upon completion of the Proposed Transaction, the Resulting Issuer will carry on the business previously carried on by Westleaf.

See "*Part III – Information Concerning the Transaction*".

Shareholder Meetings of IGC and Westleaf

In connection with the Proposed Transaction, it is expected that IGC will hold an annual general and special meeting of its shareholders to, among other items of business, approve resolutions to: (i) consolidate the issued and outstanding IGC Shares on the basis of one (1) post–consolidation IGC Share for every 2.9233 pre-consolidation IGC Shares; (ii) approve a 20% fixed restricted share unit plan and 20% fixed stock option plan for IGC; (iii) continue IGC from under the *Business Corporations Act* (British Columbia) to under the ABCA; (iv) fix

the number of directors to be elected at the IGC Meeting at six; (iv) elect the directors of IGC for the ensuing year; and (v) appoint the auditors of IGC for the ensuing year.

It is not anticipated that the Proposed Transaction will be subject to approval of the IGC Shareholders.

The shareholders of Westleaf will be required to approve the Proposed Transaction in accordance with the provisions of the ABCA. Pursuant to the provisions of the ABCA, Westleaf shall hold the Westleaf Shareholders' Meeting and obtain approval of the Transaction by way of special resolution of the Westleaf Shareholders.

See "*Part III – Information Concerning the Transaction*".

Concurrent Financing

In conjunction with the Proposed Transaction, Westleaf has entered into an engagement agreement with IGC, and Canaccord Genuity Corp., as lead agent, on behalf of a syndicate of agents (collectively, the "**Agents**") in connection with a brokered private placement for a minimum of 17,648,000 subscription receipts of IGC (the "**Subscription Receipts**") at a price of $0.85 per Subscription Receipt to raise, on a commercially reasonable efforts basis, gross proceeds of a minimum $15,000,800 (the "**Offering**"). IGC has also granted the Agents an option (the "**Over-Allotment Option**"), to place up to an additional 2,647,200 Subscription Receipts under the Offering at a price of $0.85 per Subscription Receipt, exercisable at any time up to 48 hours prior to closing of the Offering.

Each Subscription Receipt will be automatically exchanged, upon satisfaction of certain escrow release conditions, into one unit of IGC (a "**Unit**"). Each Unit shall consist of one Resulting Issuer Share and one-half of one common share purchase warrant (each whole warrant, a "**Warrant**"). Each Warrant shall be exercisable to acquire one Resulting Issuer Share (a "**Warrant Share**") for a period of 24 months from closing of the Offering at an exercise price of $1.30 per Warrant, subject to adjustment in certain events. If the escrow release conditions are not met on or before December 31, 2018, all funds will be returned to the subscribers without deduction and the Subscription Receipts will be cancelled. The Offering is expected to close on December 4, 2018.

If at any after the date of expiry or waiver of the Hold Period (as defined below), the ten (10) trading day volume weighted average trading price of the Resulting Issuer Shares on any public stock exchange exceeds $1.80, then the Resulting Issuer may give notice within five (5) trading days immediately following such ten (10) trading day period (the "**Acceleration Notice**") to the Warrant holder: (i) setting forth the calculation of the volume weighted average trading price of the Resulting Issuer Shares for the purposes of such notice; and (ii) stating that if the Warrants are not exercised by 4:00 pm (Calgary time) on the date specified by the Resulting Issuer in such notice as the "Accelerated Expiry Date", which Accelerated Expiry Date shall be not less than ten (10) days after the date of the Acceleration Notice, then the Warrants shall expire and be of no further force and effect.

The Resulting Issuer Shares issued in exchange for the Subscription Receipts, the Warrants, the VIII Capital Warrants, the Resulting Issuer Shares issuable on exercise of the VIII Capital Warrants, the Warrant Shares, the Broker Warrants (as defined below) and the Resulting Issuer Shares issuable on the exercise of the Broker Warrants shall have a four-month hold period from the closing of the Proposed Transaction (the "**Hold Period**").

The Agents will receive a cash commission equal to 6% of the gross proceeds from the Offering and such number of Agent's compensation warrants ("**Broker Warrants**") equal to 6% of the number of Subscription Receipts issued under the Offering. Each Broker Warrant shall entitle the holder thereof to acquire one Resulting Issuer Share at an exercise price of $0.85 for a period of 24 months following the closing of the Offering.

In connection with the Concurrent Financing, on the Closing Date, Eight Capital will receive a cash commission equal to 6% of the gross proceeds from the Offering identified by Eight Capital, up to a maximum of $174,000, and such number of VIII Capital Warrants equal to 6% of the number of Subscription Receipts issued under the Offering as a result of Eight Capital's efforts, up to a maximum of 204,705 warrants. Each VIII Capital Warrant shall entitle Eight Capital to acquire one Resulting Issuer Share at an exercise price of $0.85 for a period of 24

months following the closing of the Offering.

In consideration for services provided in connection with the Concurrent Financing, on the Closing Date, 1187959 B.C. Ltd. will receive 300,000 Westleaf Shares.

The net proceeds from the Offering are intended to be used by the Resulting Issuer for expansion of its retail operations and general corporate purposes.

The closing of the Concurrent Financing is conditional upon, among other things, the receipt of all necessary corporate and regulatory approvals with respect to the Concurrent Financing.

The proceeds of the Concurrent Financing will be used as set forth under "*Part IV – Information Concerning the Resulting Issuer – Available Funds and Principal Purposes Summary*".

Conditions to Completion of the Transaction

The Closing of the Transaction is subject to certain conditions, including but not limited to, completion of the Concurrent Financing, receipt of all necessary regulatory and third party approvals, and the Exchange being satisfied that after Completion of the Transaction, that the Resulting Issuer will satisfy the Exchange's Initial Listing Requirements in order to become a Tier 2 Life Sciences Issuer pursuant to the policies of the Exchange.

Resulting Issuer

Resulting Issuer

Following Closing of the Amalgamation, all of the property and assets of Westleaf and IGC SubCo will become the property and assets of Amalco and Amalco will be liable for all of the liabilities and obligations of Westleaf and IGC SubCo. Amalco will be a wholly-owned Subsidiary of IGC. Upon Completion of the Transaction, the Resulting Issuer will carry on the business of Westleaf.

It is anticipated that the Resulting Issuer will be named "Westleaf Inc." or such other name as may be accepted by the relevant regulatory authorities and agreed upon by the Parties.

Upon Completion of the Transaction, it is anticipated that the current director of IGC will resign and the Board of the Resulting Issuer will consist of Stephen Mason, Scott Hurd, Robb McNaughton, Kareen Stangherlin, and Delbert Wapass. It is anticipated that Stephen Mason will be appointed Executive Chairman and Scott Hurd will be appointed President and Chief Executive Officer of the Resulting Issuer.

See "*Part IV – Information Concerning the Resulting Issuer – Directors, Officers, and Promoters*".

It is estimated that there will be an aggregate of approximately 85,975,699 Resulting Issuer Shares issued and outstanding immediately following completion of the Proposed Transaction (excluding Resulting Issuer Shares issued in exchange for Westleaf Shares issued under the Concurrent Financing), resulting in: (i) current holders of IGC Westleaf Shares holding approximately 3,645,346 (4.24%) Resulting Issuer Shares; and (ii) current holders of Westleaf Shares holding approximately 82,330,353 (95.76%) Resulting Issuer Shares.

See "*Part IV – Information Concerning the Resulting Issuer*".

Proposed Directors and Officers of the Resulting Issuer

It is anticipated that the directors and officers of the Resulting Issuer, and the number and percentage of Resulting Issuer Shares over which such directors and officers, and the Associates and Affiliates of such directors and officers, exercise control, will be as set forth below.

Proposed Directors and Officers	Number and Percentage of Resulting Issuer Shares After Giving Effect to the Transaction[1][2][3][4][5][6][7]
Scott Hurd, President, CEO, and Director *Calgary, Alberta*	6,500,000 7.56%
Stephen Mason, Executive Chairman and Director *Calgary, Alberta*	6,500,000 7.56%
Pat Whelan, Executive Vice President *Calgary, Alberta*	6,500,000 7.56%
Robb McNaughton, Director *Calgary, Alberta*	50,000 0.06%
Kareen Stangherlin, Director *Calgary, Alberta*	140,000 0.16%
Delbert Wapass, Director *Turtleford, Saskatchewan*	Nil Nil
Taylor Ethans, Chief Financial Officer *Calgary, Alberta*	6,500,000 7.56%
Shon Williams, Chief Development Officer (Westleaf International Inc.) *Denver, Colorado*	Nil Nil
Ben Kaanta, Chief Operating Officer (Westleaf International Inc.) *Denver, Colorado*	Nil Nil
Christian Monson, Chief Legal Officer & VP of Strategy (Westleaf International Inc.) *Denver, Colorado*	Nil Nil

Notes:

(1) Table is based on a total of 85,975,699 Resulting Issuer Shares issued and outstanding after giving effect to the Transaction and before giving effect to the Concurrent Financing.
(2) The Resulting Issuer Shares over which each of the proposed directors and officers will exercise control includes those Westleaf Common Shares which shall be exchanged for Resulting Issuer Shares pursuant to the Amalgamation upon Closing of the Transaction and is exclusive of any Resulting Issuer Shares issuable upon exercise or conversion of any convertible securities.
(3) Kareen Stangherlin, (Chair); Stephen Mason, and Robb McNaughton will comprise the Audit Committee of the Resulting Issuer and Kareen Stangherlin and Robb McNaughton will comprise the Compensation Committee of the Resulting Issuer.
(4) Stephen Mason's Resulting Issuer Shares will be held through Resina Resources Ltd.
(5) Robb McNaughton's Resulting Issuer Shares will be held through Aoi Maru Corp.
(6) Delbert Wapass is the former chief of the Thunderchild First Nation. Thunder Developments Inc., an Affiliate of Thunderchild First Nation will hold 16,000,000 Resulting Issuer Shares.
(7) Ms. Stangherlin owns 50% of the voting securities of Zelos Capital Ltd. which will hold 20,000 Resulting Issuer Shares.

See "*Part II – Information Concerning Westleaf – History*" and "*Part IV – Information Concerning the Resulting Issuer – Management*".

Non-Arm's Length Party Transaction

The Proposed Transaction, if completed, is not a Non-Arm's Length Transaction.

Funds Available to the Resulting Issuer

It is anticipated that upon completion of Transaction, the Resulting Issuer will have approximately $48,721,845 in available funds at Closing, including the net proceeds to Westleaf from the Concurrent Financing. These funds will consist mainly of cash, which will be used as set forth below and under "*Part IV – Information Concerning the Resulting Issuer – Funds Available*".

The following table sets forth the funds anticipated to be available to the Resulting Issuer upon the Completion of the Transaction.

Source of Funds	Available Funds
Westleaf Working Capital (As of October 31, 2018)	$19,471,045
Gross Proceeds from the Concurrent Financing	$15,000,800[(1)]
Funds from IGC	$150,000
Debt Financing – Battleford Facility	$12,750,000[(2)]
Debt Financing – Delta West Facility	$1,600,000[(3)]
Estimated costs of the Transaction	($250,000)
Total Funds Available on Completion of the Transaction	**$48,721,845**

Notes:

(1) Assuming the Over Allotment Option is not exercised and the minimum gross proceeds are raised.

(2) It is anticipated that the Battleford Facility debt financing will be received upon Westleaf and the Resulting Issuer contributing $12,000,000 in aggregate to the Battleford Project. See "Part IV "*Information Concerning the Resulting Issuer – Narrative of the Business*".

(3) It is anticipated that the Delta West Facility debt financing will be received upon the granting of a production license in respect of the Delta West Facility. See "Part IV "*Information Concerning the Resulting Issuer – Narrative of the Business*".

Principal Purposes of Funds

The following table sets forth the funds anticipated to be available to the Resulting Issuer upon the Completion of the Transaction and the proposed use of such funds over the next 12 month period.

Use of Available Funds (12 month period following Completion of the Transaction)	Amount Assuming Completion of the Proposed Transaction
Capital Expenditures – 20 Retail Stores	$10,600,000
Ecommerce Platform	$100,000
Delta West Facility Phase I – Extraction	$2,000,000
Battleford Facility Phase I – Cultivation	$26,400,000
General and Administrative Costs	$3,115,000
Working Capital	$1,354,619
Unallocated Funds	$5,152,226
Total Use of Funds Available	**$48,721,845**

The Resulting Issuer will use funds available to provide the Resulting Issuer with working capital to assist in the development of Westleaf's business strategy.

Notwithstanding the proposed uses of Available Funds discussed above, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary or prudent. It is difficult at this time to definitively project the total funds necessary to effect the planned activities of the Resulting Issuer. For these reasons, management of IGC and Westleaf

consider it to be in the best interests of the Resulting Issuer and its shareholders to afford management a reasonable degree of flexibility as to how the funds are employed among the uses identified above, or for other purposes, as the need arises.

See "*Part III – Information Concerning the Resulting Issuer – Funds Available and Use of Funds*". Further, the above uses of available funds should be considered estimates. See "*Forward-Looking Statements and Cautionary Information*".

Selected Pro Forma Consolidated Financial Information for the Resulting Issuer as at July 31, 2018

The following table summarizes selected pro forma financial information for the Resulting Issuer as at July 31, 2018, assuming Completion of the Transaction. The information should be read in conjunction with the Resulting Issuer's pro forma financial statements and related notes and other financial information included in Appendix E in this Filing Statement. All amounts are in thousands of Canadian dollars.

Total Assets	$28,516
Liabilities	$1,063
Share Capital	$22,059
Deficit	$(5,303)
Total Shareholders' Equity and Liabilities	**$28,516**

See Appendix E – "*Pro Forma Financial Statements of the Resulting Issuer*".

Market for Securities

The IGC Shares are listed on the NEX under the trading symbol "IGC.H". The closing trading price of the IGC Shares as of October 4, 2018, the last day the IGC Shares were eligible for trading prior to the Filing Statement Date, was $0.19 per IGC Share. There is currently no public market for the securities of Westleaf. It is anticipated that the IGC Shares will resume trading on the Exchange upon Completion of the Transaction under the symbol "WL".

See "*Part I – Information Concerning IGC Resources Inc. – General Development of the Business – History*".

Sponsor

Westleaf and IGC have obtained an exemption from the sponsorship requirements of the Exchange.

See "*Part IV – General Matters – Sponsorship*".

Interests of Experts

The auditor of IGC is Buckley Dodds LLP located at Suite 1140 – 1185 West Georgia Street, Vancouver, British Columbia, V6E 4E6.

The auditor of Westleaf is MNP LLP at their Calgary office located at 1500, 640 – 5 Avenue SW, Calgary, Alberta, T2P 3G4.

As of the Filing Statement Date, no professional person who has provided an opinion or report referenced in this Filing Statement, currently holds more than 1% of the issued and outstanding IGC Shares and upon Completion of the Transaction, will not hold more than 1% of the issued and outstanding Resulting Issuer Shares, and no such professional person is expected to be elected, appointed, or employed as a director, officer, or employee of the Resulting Issuer or of its Associates or Affiliates.

See "*Part IV – General Matters – Interest of Experts*".

Conflicts of Interest

Certain of the directors and officers of IGC Resources Inc. and Westleaf are also directors, officers, or shareholders of other companies. Such associations may give rise to conflicts of interest from time to time.

See "*Part IV – Information Concerning the Resulting Issuer – Directors, Officers, and*

Promoters – Conflicts of Interest" and "*Part V – Risk Factors*".

Conditional Approval

The Exchange has conditionally accepted the Transaction pursuant to a letter dated November 29, 2018 and subject to fulfilling all of the requirements of the Exchange.

Risk Factors

There are inherent risks associated with the Proposed Transaction which will comprise the Resulting Issuer's business upon Closing of the Proposed Transaction.

There are inherent risks in the business of Westleaf. Upon completion of the Transaction, the current business of Westleaf will become the business of the Resulting Issuer. As such, the future operations of the Resulting Issuer will be subject to risks incidental to the nature of the business, legal, and economic climate in which Westleaf operates and will operate in the future. An investment in a company with an interest in the development, production, sale, and retail of cannabis and ancillary products involves a significant degree of risk, including uncertainties of receiving approval by appropriate governing agencies for marketing; uncertainties related to the grant, renewal, and impact of any license to conduct activities with cannabis; uncertainties for approval to market and manufacture the developed products; volatility in the demand for products; competition for, among other things, market share; pricing competition for products; liabilities inherent in cannabis development operations; uncertainties associated with protection of intellectual property; financing risks; global economic events or conditions; fluctuations in foreign exchange or interest rates; and other factors, many of which are beyond the control of IGC. IGC assumes no responsibility to update forward looking statements, other than as may be required by applicable securities laws.

The Resulting Issuer's future development and actual operating results may be very different from those expected as at the date of this Filing Statement. There can be no certainty that the Resulting Issuer will be able to implement successfully the strategies set out in this Filing Statement. No representation is or can be made as to the future performance of the Resulting Issuer and there can be no assurance that the Resulting Issuer will achieve its objectives.

For a more fulsome discussion of relevant risk factors, including a discussion respecting the factors set out above and other relevant risk factors, see "*Part V – Risk Factors*".

PART I. INFORMATION CONCERNING IGC RESOURCES INC.

CORPORATE STRUCTURE

Name and Incorporation

IGC Resources Inc. was incorporated as 433034 BC Ltd. under the laws of British Columbia on September 28, 1992. Following a name change to Green Ice Corporation on October 20, 1992 and to International Green Ice Inc. on July 21, 1999, on July 21, 2004, the Corporation changed its name from International Green Ice Inc. to IGC upon continuing into British Columbia from Yukon, a territory to which it continued into on March 3, 2000. Its principal business activities historically included the exploration and evaluation of natural resource properties in Canada. Presently, IGC has ceased to carry on an active business. IGC was moved from the TSXV to the NEX on July 10, 2014, due to its inability to meet TSXV Tier 2 listing requirements. IGC is currently listed under the symbol "IGC.H".

The head office of IGC is located at 228 – 16th Street N.W., Calgary, Alberta, T2N 2B9 and IGC's registered office is located at Suite 700 – 595 Burrard Street, Vancouver, BC V7X 1S8. Other than IGC SubCo, IGC has no subsidiaries.

GENERAL DEVELOPMENT OF THE BUSINESS

History

IGC was incorporated under the laws of British Columbia on September 28, 1992 and continued into the Yukon Territory under the *Business Corporations Act* (Yukon) on March 3, 2000. Effective July 21, 2004, the Corporation was continued out of the Yukon Territory back into British Columbia and changed its name from "International Green Ice Inc." to "IGC".

The Corporation is a reporting issuer in British Columbia and Alberta and previously traded on the Exchange under the symbol "IGC". IGC's previous principal business activities were the exploration, development and, if warranted, mining of mineral projects. IGC previously held a 100% interest in the Narrows Claims, a gold/platinum/palladium prospect. The claims on these properties were all expired by June of 2013.

On April 2, 2014, IGC received notice from the Exchange that, in accordance with its Continued Listing Requirements outlined in Exchange Policy 2.5 – *Continued Listing Requirements and Inter-Tier Movement*, IGC had one Tier 2 Continued Listing Requirement deficiency relating to assets and operations for a company classified as a Mining Issuer. Effective July 4, 2014, the Exchange would reclassify IGC to the NEX, unless the Corporation made a submission that it had met all Tier 2 Continued Listing Requirements. On July 10, 2014, the Corporation was moved from the TSXV to the NEX. The Corporation is listed under the symbol "IGC.H".

Prior to becoming inactive, the Corporation was engaged in the acquisition, exploration, and development of mineral resource properties. The Corporation's principal business activities were the exploration, development, and mining of four projects: the Blackburn Gold Project, the Fraser Range Project, and the Uaroo Project, each of which are owned by IGC (AUST) Pty. Ltd. and located in Western Australia, and the Narrow Claims Project, which is located in Canada.

The Narrow Claims Project

IGC acquired a 100% interest in the Narrows Claims Project in 1993 pursuant to an option agreement in exchange for granting a 1.5% smelter royalty and an advance minimum royalty of $25,000 to be paid annually. The Narrows Claims Project was a gold, platinum, and palladium exploration project consisting of 14 units covering 0.85 square miles in the Shebandowan area of Ontario. During the year ended July 31, 2013, the Corporation allowed its interest to expire after it had not conducted any exploration and development activity on the Narrow Claims since 2007.

The Blackburn Gold Project

The Blackburn Gold Project comprised mineral tenements of various types, including mining leases, exploration licenses, and prospecting licenses covering an area of approximately 340 square kilometers. The project was located about 350 kilometers southeast of Perth, Australia. The Corporation's wholly-owned subsidiary, IGC (AUST) Pty. Ltd. acquired an interest in the Blackburn Gold Project in December of 2004. By a resolution dated June 21, 2010, the directors of the Corporation terminated and surrendered all interests in the project, including all subleases.

The Fraser Range Project

The Fraser Range Project comprised exploration licenses covering an area of approximately 884 square kilometers. The Fraser Range Project was an exploration project with potential for iron oxide, copper, and gold targets. The Corporation acquired a sub-lease and sub-license for the Fraser Range tenements through an acquisition of Goldport Pty. Ltd. in December of 2004. Prior to IGC's acquisition, Goldport Pty. Ltd. was granted and exercised an exclusive option to sub-lease and sub-license the tenements from Great Southern Resources Pty. Ltd.. On January 7, 2005, the Corporation through Goldport Pty. Ltd., exercised the exclusive right to explore and develop the tenements for a period of 21 years.

The Corporation, on July 14, 2010 surrendered its entire interests in the Fraser Range Project to the State of Western Australia, due to the inability to raise funds for further exploration. In connection with the same, during the year ended July 31, 2009, the Corporation also wrote-down the mineral property costs of $82,318 and the deferred exploration costs of $299,082 spent to that date on the Fraser Range Project for a total write-down of $381,400.

The Uaroo Project

The Uaroo tenement was a copper and gold mineralization project located in Western Australia. The project covered 400 square kilometers of granted tenements which were wholly-owned by the Corporation after the granting of two exploration licenses in July of 2006. The tenements covered late stage granites beneath sandstone and conglomerate, which were capable of hosting uranium, copper, and gold, and of providing adequate source rocks to allow a significant deposit to have developed. On June 22, 2010, the Corporation sold its remaining ownership of the Uaroo tenements to Atomic Resources Limited ("**Atomic**" now "**Intra Energy Corporation Limited**"), in return for 350,000 common shares of Atomic for an aggregate purchase price of $45,500.

During the year ended July 31, 2015, IGC sold its remaining shareholdings in Intra Energy Corporation Limited for proceeds of $52,274 that were used to fund ongoing listing maintenance costs.

IGC Share Consolidation

On March 20, 2018, IGC announced that it had received acceptance from the NEX of a share consolidation previously announced on January 29, 2018, February 28, 2018, and March 1, 2018. Effective Thursday, March 22, 2018, the issued and outstanding IGC Shares were consolidated on the basis of one (1) post-consolidation IGC Share for every ten (10) pre-consolidation IGC Shares held.

Private Placement

The Corporation received acceptance from the Exchange of a non-brokered private placement of 7,999,999 post-consolidation units (to be rounded) (a "**Unit**") at a post-consolidation price of $0.075 per Unit for gross proceeds of $600,000 on April 12, 2018. Each Unit consisted of one IGC Share and one IGC Share purchase warrant (a "**Warrant**"). The Corporation completed the private placement on March 22, 2018. Each Warrant entitles the holder to acquire one additional post-consolidation IGC Share at a post-consolidation price of $0.10 for a period of one year from the date of closing, being March 22, 2019. IGC did not pay any finder's fees in connection with the private placement. All securities purchased under the private placement are subject to a four month and one day hold period expiring July 23, 2018. The private placement closed after the IGC Share Consolidation. Proceeds from the private placement were used to pay debt and for general working capital.

The Corporation has a total of 10,656,442 issued and outstanding common shares as of the Filing Statement Date.

As of the Filing Statement Date, IGC has no active business. The Corporation's only assets are $150,000 cash.

On October 4, 2018, trading of the IGC Shares was halted pending the announcement of the Transaction.

Concurrent Financing

In connection with the Proposed Transaction, IGC is expected to complete the Concurrent Financing. See "*Part II – Information Concerning Westleaf - Westleaf General Development of the Business – Concurrent Financing*".

SELECTED CONSOLIDATED FINANCIAL INFORMATION & MANAGEMENT'S DISCUSSION AND ANALYSIS

Selected Information

The following tables set out certain selected financial information of the Corporation for the years ended July 31, 2018 and 2017. The selected financial information has been derived from IGC's audited financial statements for the years ended July 31, 2018 and 2017. The following information should be read in conjunction with IGC's financial statements and notes thereto attached to this Filing Statement as Appendix A. The financial results are not indicative of the results that may be expected for any other period. IGC's audited and unaudited interim financial statements are presented in Canadian dollars and have been prepared in accordance with IFRS.

	Year Ended July 31, 2018 (audited)	**Year Ended July 31, 2017 (audited)**
Total Expenses	188,815	20,100
Net Loss	(188,815)	(20,100)
Amounts deferred in connection with the Transactions	Nil	Nil

Management's Discussion & Analysis

The management's discussion and analysis ("**MD&A**") of the financial condition and results of operations of IGC for the years ended July 31, 2018 and 2017 are attached hereto at Appendix B and should be read in conjunction with the audited financial statements for the years ended July 31, 2018 and 2017. Such financial statements have been prepared in accordance with IFRS and all amounts included in the MD&A are expressed in Canadian dollars, unless otherwise specified. For a discussion of risks and uncertainties facing IGC, Westleaf, and the Resulting Issuer, see *"Part V – Risk Factors"*.

DESCRIPTION OF THE SECURITIES

Common Shares

The Corporation is authorized to issue an unlimited number of IGC Shares without nominal or par value. As at the Filing Statement Date, 10,656,442 IGC Shares were issued and outstanding as fully paid and non-assessable.

IGC Shareholders are entitled to dividends, if, as and when declared by the Board, to one vote per share at the meetings of IGC Shareholders and, upon liquidation dissolution, or winding-up, to share equally in the assets of the Corporation that are distributable to IGC Shareholders.

Dividends or Distributions

The Corporation has not declared or paid any dividends or distributions on the IGC Shares to date. The payments of dividends or distributions in the future are dependent on the Corporation's earnings, financial condition, and such other factors as the Board considers appropriate. IGC currently does not anticipate paying any dividends in the

foreseeable future, and in no circumstance will IGC pay any dividends or make any distribution until completion of the Transaction.

STOCK OPTION PLAN

The New IGC Option Plan was approved and adopted by IGC Shareholders at the November 22, 2018 Annual General and Special Meeting of IGC Shareholders. In this section all uppercase terms not defined shall have the meaning ascribed to them in the New IGC Option Plan. The intention of management of the Corporation in the New IGC Option Plan is to increase the proprietary interest of employees, officers, directors, and consultants in the Corporation and thereby aid the Corporation in attracting, retaining, and encouraging the continued involvement of such persons with the Corporation. The New IGC Option Plan provides an increased incentive for those individuals to contribute to the Corporation's future growth, success, and prosperity, thus enhancing the value of the IGC Shares for the benefit of all of the IGC Shareholders. The New IGC Option Plan is also intended to increase the ability of the Corporation and any Affiliate to attract and retain skilled and motivated individuals in the service of the Corporation.

The New IGC Option is administered by the Board or, if the Board so elects, by a Committee appointed by the Board and consisting of not less than two (2) of its members. Any Committee will administer the New IGC Option Plan on behalf of the Board in accordance with such terms and conditions as the Board may prescribe, consistent with the New IGC Option Plan. Once appointed, the Committee will continue to serve until otherwise directed by the Board. From time to time, the Board may increase the size of the Committee and appoint additional members, remove members (with or without cause) and either appoint new members in their place or decrease the size of the Committee, fill vacancies however caused, or remove all members of the Committee and thereafter directly administer the New IGC Option Plan.

The Board, on its own initiative or upon the recommendation of a Committee (if so appointed), will by resolution designate those employees, officers, directors, consultants, and Management Company Employees to whom IGC Options should be granted. The resolution of the Board, or the Committee if applicable, will specify the number of IGC Shares that may be purchased under an IGC Option granted to each Participant, the price per IGC Share to be paid upon exercise of the IGC Options, the period during which such IGC Options may be exercised, and any other terms, restrictions, and conditions of the IGC Options. Every IGC Option granted under the New IGC Option Plan must be evidenced by a written option agreement between the Corporation and the Participant and, where not expressly set out in the agreement, the provisions of such agreement will conform to and be governed by the New IGC Option Plan. If there is any inconsistency between the terms of the agreement and the New IGC Option Plan, the terms of the New IGC Option Plan will govern.

Under the New IGC Option Plan, the total number of IGC Shares that may be reserved for issuance is 20% of the issued and outstanding IGC Shares at the time of grant, less any IGC Shares reserved for issuance pursuant to the grant of stock options under any other share compensation arrangements. The exercise price of an IGC Option granted under the New IGC Option Plan must not be less than the "Discounted Market Price", as defined herein, provided that:

(a) if IGC Options are granted within 90 days of a distribution by a prospectus, the minimum exercise price of those IGC Options will be the greater of the Discounted Market Price and the per share price paid by the public investors for IGC Shares acquired under the distribution; and

(b) the 90 day period begins on the date a final receipt is issued for the prospectus or in the case of a prospectus that qualifies special warrants, on the closing date of the special warrant private placement.

The "Discounted Market Price" means the last closing price of the IGC Shares on the Exchange less the discount set forth below, subject to a minimum price of $0.10:

Closing Price	Discount
Up to $0.50	25%
$0.51 to $2.00	20%
Above $2.00	15%

Each IGC Option will, unless sooner terminated, expire on a date to be determined by the Board which will not exceed 10 years from the date the IGC Option is granted.

The Board may, in its absolute discretion, upon granting Options under the New IGC Option Plan, specify different time periods during which an IGC Option is exercisable, different time periods within which an IGC Option will terminate following a participant ceasing to be an employee, officer, director, consultant, and Management Company Employee, and subject to the provisions of the New IGC Option Plan, designate different exercise prices and vesting provisions with respect to an IGC Option.

The number of IGC Shares subject to each IGC Option is determined by the Board provided that the New IGC Option Plan, together with all other previously established or proposed share compensation arrangements may not, during any 12 month period, result in:

(a) the number of IGC Options granted to any one Person exceeding 5% of the issued IGC Shares; or

(b) the number of IGC Options granted to any one consultant exceeding 2% of the issued IGC Shares; or

(c) the number of IGC Options granted to all Persons retained to provide Investor Relations Activities of a number shares exceeding 2% of the issued IGC Shares.

As at the date hereof, no IGC Options have been issued.

In connection with the Transaction and subject to approval of the Exchange, the Resulting Issuer will maintain the New IGC Option Plan.

PRIOR SALES

On March 22, 2018, IGC completed a non-brokered private placement of 7,999,999 Units at a post-IGC Share Consolidation price of $0.075 per Unit for gross proceeds of $600,000. Each Unit consisted of one IGC Share and one Warrant. Each Warrant entitles the holder to acquire one additional post-IGC Share Consolidation common share at a price of $0.10 for a period of one year from the date of closing. IGC did not pay any finder's fees in connection with the private placement. All securities purchased under the private placement are subject to a four month and one day hold period expiring July 23, 2018.

Other than the foregoing private placement offering and not including any securities to be issued in connection with the Concurrent Financing, there have been no securities of IGC issued within the twelve (12) month period prior to the date of this Filing Statement.

Stock Exchange Price

The IGC Shares are listed on the NEX under the trading symbol "IGC.H". The closing price of the IGC Shares on October 4, 2018, being the last day the IGC Shares were available for trading prior to the Filing Statement Date, was $0.19.

The following table sets the range of monthly high and low closing trading prices and the volume of the trading of the IGC Shares, on days which there was trading activity, on the Exchange for the periods indicated.

Period[(1)]	High ($)	Low ($)	Volume
October 1 to 4, 2018[2]	0.19	0.155	11,600
September 2018	0.185	0.15	14,450
August 2018	0.15	0.15	5,800
July 2018	0.155	0.15	39,480
June 2018	0.16	0.155	11,341
May 2018	0.16	0.155	13,800
Q3 ended April 30, 2018	0.25	0.01	247,500
Q2 ended January 31 2018	0.025	0.005	992,200
Q1 ended October 31 2017	0.01	0.005	94,210
Q4 ended July 31 2017	0.01	0.005	1,500,488
Q3 ended April 30, 2017	0.015	0.005	70,430
Q2 ended January 31 2017	0.015	0.005	683,500
Q1 ended October 31 2016	0.02	0.005	2,475,800

Notes:

(1) IGC Shares began trading on the NEX effective on July 10, 2014.
(2) Trading of IGC Shares was halted October 4, 2018, in connection with the announcement of the Transaction and is expected to remain halted until the Completion of the Transaction.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The Board of IGC reviews and gives final approvals with respect to compensation paid to the IGC's Named Executive Officers. Because IGC Resources was an early-stage exploration company and because of its size, the Board did not feel that the Corporation's size warranted a compensation committee to evaluate compensation. The Corporation's compensation objectives include the following:

- to assist the Corporation in attracting and retaining highly-qualified individuals;
- to create among directors, officers, consultants, and employees a sense of ownership in the Corporation and to align their interests with those of the shareholders; and
- to ensure competitive compensation that is also financially affordable for the Corporation.

The compensation program is designed to provide competitive levels of compensation. The Corporation recognizes the need to provide a total compensation package that will attract and retain qualified and experienced executives as well as align the compensation level of each executive to such executive's level of responsibility. In general, the Corporation's Named Executive Officers may receive compensation that is comprised of IGC Option grants and bonuses, although no IGC Options were granted to the Named Executive Officers during the most recently completed financial year and there are currently no IGC Options outstanding.

The objectives and reasons for this system of compensation are to allow the Corporation to remain competitive compared to its peers in attracting experienced personnel. The salaries are set on a basis of a review and comparison of salaries paid to executives at similar companies.

IGC Option grants are designed to reward the Named Executive Officers for success on a similar basis as the shareholders of the Corporation, although the level of reward provided by a particular IGC Option grant is dependent upon the volatile stock market.

Any bonuses paid to the Named Executive Officers are allocated on an individual basis related to the review by the Board of the Corporation of the work planned during the year and the work achieved during the year, including work related to mineral exploration, administration, financing, shareholder relations, and overall performance. The bonuses are paid to reward work done above the base level of expectations. The Corporation's management is not permitted to purchase financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities of the Corporation granted as compensation or held, directly or indirectly, by management.

Option-Based Awards

The Board of IGC believes that eligible persons working with the Corporation as a Named Executive Officer, director, officer, consultant, or employee should have a stake in the Corporation's future and that their interests should be aligned with the interests of the shareholders. To this end, the Board of IGC determines the overall amount of the IGC Options grant and reviews and recommends to the Board the allocation of such grant to directors, officers, consultants, and employees, primarily based on whose decisions and actions can have the greatest impact on the Corporation's performance. These option-based awards are granted under the IGC Option Plan. The Corporation considers previous grants of IGC Options when considering new grants.

Compensation of Named Executive Officers

The Corporation had one Named Executive Officer during the Corporation's financial year ended July 31, 2018, being Jacqueline M. Tucker, the Interim Chief Executive Officer and Interim Chief Financial Officer. The table below sets out particulars of compensation paid to the Named Executive Officers for services to the Corporation during the three most recently completed financial years.

Summary Compensation Table									
Name and principal position	**Year**	**Salary ($)**	**Share-based awards ($)**	**Option-based awards ($)**	**Non-equity incentive plan compensation ($)**		**Pension value ($)**	**All other compensation ($)**	**Total compensation ($)**
					Annual incentive plans	**Long term incentive plans**			
Jacqueline M. Tucker Interim CEO, CFO, and Director	2018	$27,000	Nil	Nil	Nil	Nil	Nil	Nil	$27,000[2]
	2017	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2016	$8,750	Nil	Nil	Nil	Nil	Nil	Nil	$8,750[(2)]
Manfred Kurschner[(1)] Director	2018	$30,000	Nil	Nil	Nil	Nil	Nil	Nil	$30,000[(3)]
	2017	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

(1) Mr. Kurschner ceased to be a director and Named Executive Officer of IGC on December 15, 2017, upon his death. Mr. Kurschner previously held the position of Chief Executive Officer of the Corporation.
(2) All fees were received by Ms. Tucker's wholly-owned company. Such company received aggregate compensation of $35,750 for services as Chief Financial Officer for the period from August 1, 2015, to July 31, 2018. Ms. Tucker's wholly-owned company owns 329,496 IGC Shares.
(3) IGC paid out $30,000 to Dancing Light Consulting Inc. on January 31, 2018, for services rendered by Manfred Kurschner.
(4) All information is given as of November 21, 2018.

Incentive Plan Awards

Option Share-Based and Option-Based Awards

The following table sets out, for each Name Executive Officer, the awards outstanding at July 31, 2018.

	Option-based Awards				Share-based Awards	
Name	**Number of securities underlying unexercised options (#)**	**Option exercise price ($)**	**Option expiration date**	**Value of unexercised in-the-money options ($)**	**Number of share or units of shares that have not vested (#)**	**Market or payout value of share-based awards that have not vested ($)**
Jacqueline M. Tucker Interim CEO, CFO, and Director	Nil	N/A	N/A	N/A	N/A	N/A

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets outs, for each Named Executive Officer, the value of all incentive plan awards issued during the financial year ended July 31, 2018.

Name	Option-based awards – Value vested during the year ($)	Share-based awards – Value vested during the year ($)	Non-equity incentive plan compensation – Value earned during the year ($)
Jacqueline M. Tucker Interim CEO, CFO, and Director	Nil	N/A	N/A

Pension Plan Benefits

The Corporation does not have any pension plan or deferred compensation plan that provides for payments or benefits at, following or in connection with retirement of Named Executive Officers.

Termination and Change of Control Benefits

The Corporation does not have any contracts, agreements, or plans in place that provide for payments to a Named Executive Officer at, following or in connection with any termination, resignation, retirement, or other termination of employment or from a change of control of the Corporation.

Director Compensation

As of November 21, 2018, the Corporation had a sole director who is also a Named Executive Officer. For a description of the compensation paid to the Named Executive Officer who also acts as a director, see "Summary Compensation Table".

The Corporation has no standard arrangement pursuant to which directors are compensated by the Corporation for their services in their capacity as directors except for the granting from time to time of incentive stock options in accordance with the policies of the NEX, although no stock options were granted to directors during the most recently completed financial year and there are currently no stock options outstanding. The following table includes compensation provided to directors of the Corporation for the three most recently completed fiscal years ended July 31, 2018, 2017, and 2016.

Name	Fees earned ($)	Share-based awards ($)	Option-based awards ($)	Non-equity incentive plan compensation ($)	Pension value ($)	All other compensation ($)	Total ($)
Jacqueline M. Tucker Interim CEO, CFO, and Director	2018 2017 2016	Nil Nil Nil	N/A N/A N/A	Nil Nil Nil	N/A N/A N/A	N/A N/A N/A	Nil Nil Nil
Manfred	2018	Nil	N/A	Nil	N/A	N/A	Nil

Kurschner[(1)] Director	2017 2016	Nil Nil	N/A N/A	Nil Nil	N/A N/A	N/A N/A	Nil Nil

Notes:

(1) Mr. Kurschner ceased to be a director and NEO of IGC on December 15, 2017, upon his death. Mr. Kurschner previously held the position of CEO and director of the Corporation.

(2) All information is given as of November 21, 2018.

Incentive Plan Awards – Outstanding Share-Based and Option-Based Awards to Directors

The following table sets out, for each director who is not also a Named Executive Officer, the awards outstanding as at July 31, 2018.

	Option-based Awards				**Share-based Awards**	
Name	**Number of securities underlying unexercised options (#)**	**Option exercise price ($)**	**Option expiration date**	**Value of unexercised in-the-money options ($)**	**Number of share or units of shares that have not vested (#)**	**Market or payout value of share-based awards that have not vested ($)**
Jacqueline M. Tucker Interim CEO, CFO, and Director	Nil	N/A	N/A	N/A	N/A	N/A

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth, for each director who is not also a Named Executive Officer, the value of all incentive plan awards issued during the year ended July 31, 2018.

Name	**Option-based awards – Value vested during the year ($)**	**Share-based awards – Value vested during the year ($)**	**Non-equity incentive plan compensation – Value earned during the year ($)**
Jacqueline M. Tucker Interim CEO, CFO, and Director	Nil	N/A	N/A

Securities Authorized for Issuance under Equity Compensation Plans

The only equity compensation plan in place was the IGC Option Plan that was previously approved and adopted by the IGC Shareholders on April 9, 2015; the IGC Option Plan has since been superseded by the New IGC Option Plan. The Corporation adopted the IGC Option Plan to assist in attracting, retaining, and motivating employees, officers, directors, consultants, and Management Company Employees, as defined in the IGC Option Plan, and to closely align the personal interests of those people with those of shareholders. The Board administers the IGC Option Plan. The IGC Option Plan provides that the Board may grant options, under option agreements and in accordance with the policies of the NEX, to the following persons in consideration of their services to IGC: (a) directors, executive officers, and employees of IGC or a subsidiary; (b) employees of a company providing management services to IGC; or (c) consultants providing consulting services to IGC or a subsidiary. The Board determines the number of shares subject to each option within the guidelines established by the NEX. The options enable the holders to purchase IGC Shares at a price fixed in accordance with the rules of the NEX. The IGC Option Plan provides that the total number of shares reserved for issuance under IGC Option Plan will not exceed 1,065,644 IGC Shares. The number of IGC Shares reserved under the IGC Option Plan currently represents 10% of the total issued and outstanding IGC Shares. The following table sets out equity compensation plan information as at the end of the financial year ended July 31, 2018.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders	Nil	Nil	1,065,644
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	**Nil**	**Nil**	**1,065,644**

Management Contracts

Management functions of IGC are, and since the beginning of the most recently completed financial year have been, performed by the directors and executive officers of the Corporation, and are not to any substantial degree performed by any other person or corporation.

ARM'S LENGTH TRANSACTIONS

The Proposed Transaction is not a Non-Arm's Length Transaction within the meaning of the policies of the Exchange and the NEX.

LEGAL PROCEEDINGS

IGC is neither a party, nor is any of its property the subject matter, of any legal proceedings, nor are any such proceedings known to IGC to be contemplated by any party.

AUDITOR, TRANSFER AGENT AND REGISTRAR

The auditor of IGC is Buckley Dodds LLP located at Suite 1140 – 1185 West Georgia Street, Vancouver, British Columbia, V6E 4E6.

Transfer Agent and Registrar

The Corporation's transfer agent and registrar is Computershare Trust Company of Canada at its Vancouver office, located at 510 Burrard Street, Vancouver, British Columbia, V6C 3B9.

MATERIAL CONTRACTS

IGC has not entered into any material contracts which remain outstanding as of the date of this Filing Statement, except in the ordinary course of business, other than the Amalgamation Agreement.

A copy of the foregoing agreement will be available for inspection at the registered office of IGC. The registered office of IGC is located at 228 – 16th Street NW, Calgary, Alberta, T2N 2B9 during ordinary business hours, until completion of the Transaction and for a period of thirty (30) days thereafter.

PART II. INFORMATION CONCERNING WESTLEAF

CORPORATE STRUCTURE

Name and Incorporation

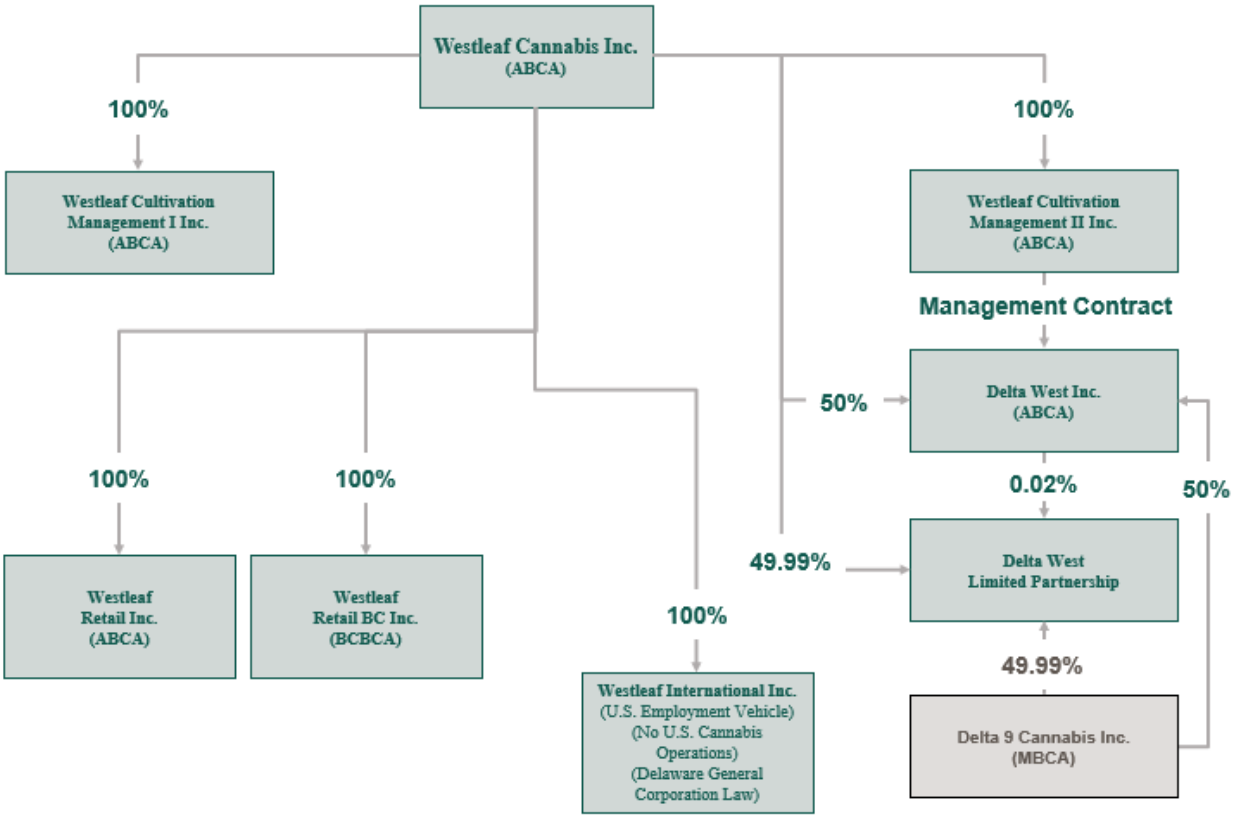
Westleaf was incorporated on August 22, 2017, pursuant to the ABCA under the name "Westleaf Capital Corp." On January 16, 2018, pursuant to a Certificate of Amendment, Westleaf Capital Corp. changed its name to Westleaf Cannabis Inc. The registered and records office of Westleaf is located at 1900, 520 – 3rd Avenue S.W., Calgary, Alberta, T2P 0R3 and the head office of Westleaf is located at 1000, 517 – 10th Avenue S.W., Calgary, Alberta, T2R 0A8.

Directors and Officers

The directors and senior officers of Westleaf are as follows:

Directors	Officers
Stephen Mason Kareen Stangherlin Scott Hurd Robb McNaughton Chief Delbert Wapass	Scott Hurd – President & Chief Executive Officer Stephen Mason – Executive Chairman Taylor Ethans – Chief Financial Officer, Head of Mergers and Acquisitions and Corporate Secretary Pat Whelan – Executive Vice President Shon Williams – Chief Development Officer (Westleaf International Inc.) Ben Kaanta – Chief Operating Officer (Westleaf International Inc.) Christian Monson – Chief Legal Officer & VP of Strategy (Westleaf International Inc.)

Intercorporate Relationships



GENERAL DEVELOPMENT OF THE BUSINESS

History

Westleaf was incorporated on August 22, 2017, pursuant to the ABCA under the name "Westleaf Capital Corp.". On January 16, 2018, pursuant to a Certificate of Amendment, Westleaf Capital Corp. changed its name to "Westleaf Cannabis Inc.". On February 22, 2018, Westleaf amended its Articles of Incorporation pursuant to the ABCA to change every one (1) issued and outstanding Westleaf Common Share in the capital of Westleaf into one hundred fifty (150) Westleaf Common Shares.

Westleaf was formed to own, to operate, and to develop certain businesses related to the cultivation, extraction, distribution, and sale of cannabis and cannabis related products in jurisdictions where such cultivation, extraction, distribution, and sale is authorized under applicable law. On March 6, 2018, a wholly-owned subsidiary of Westleaf, Westleaf Retail Inc., was incorporated under the ABCA, through which Westleaf's retail operations will be conducted.

On April 18, 2018, Westleaf entered into a limited partnership agreement with Delta 9 Cannabis Inc. to jointly develop and operate a large-scale cannabis production facility in Calgary, Alberta. Delta West Inc. will act as the general partner and Westleaf Cultivation Management II Inc. will act as manager of the general partner. Each partner owns a 50% interest in the project and each partner has contributed $3 million to the limited partnership. These funds together with debt financing will be used for the initial development of the Delta West Facility. The Delta West Facility is intended to be a large-scale 60,650 square feet cannabis production and extraction facility. The facility may include cultivation, research and development, processing, extraction, and fulfilment centre supply. Westleaf has submitted, through Delta West Inc., its Health Canada application for a license to produce cannabis oils at its Delta West Facility. Westleaf's application is currently under review by Health Canada.

On May 1, 2018, Westleaf completed the purchase of an existing building and land in Calgary, Alberta, Canada, for a brownfield retrofit for the Delta West Facility. The total purchase price was $6.9 million plus an additional $37,000 in closing costs.

On July 23, 2018, Westleaf entered into a strategic relationship with Thunderchild First Nation marked by an $8 million investment in Westleaf by an Affiliate of Thunderchild, Thunder Developments Inc. The investment made Thunderchild the largest shareholder of Westleaf, and Delbert Wapass, the former chief of Thunderchild, serves on the Westleaf Board. Westleaf and Thunderchild have commenced the development of a cannabis cultivation facility on lands owned by Thunderchild located near Battleford, Saskatchewan. Westleaf is currently negotiating a lease in respect of the Battleford Facility with 626052 Saskatchewan Ltd., the entity through which Thunder Developments Inc. owns the property. Westleaf submitted its application to become a Licensed Producer under the ACMPR for the Battleford Facility. This license would grant Westleaf the ability to cultivate cannabis and sell dried cannabis flower from the Battleford Facility. Westleaf's application is currently under review by Health Canada.

On July 27, 2018, a wholly-owned subsidiary of Westleaf, Westleaf Retail BC Inc., was incorporated under the BCBCA through which Westleaf's retail operations in British Columbia will be conducted.

Financing Activities

Westleaf Unit Offerings

Westleaf completed a private placement which closed in 4 tranches between March 13, 2018 and April 16, 2018, for 24,963,000 units of Westleaf at a price of $0.50 per Westleaf Unit for aggregate proceeds of $12,481,500, whereby each Westleaf Unit comprised of one Westleaf Common Share and one Liquidity Warrant. The Liquidity Warrants expire between March 13, 2019 and April 16, 2019. Each Liquidity Warrant entitles the holder to receive, for no additional consideration and without further action on the part of the holder, one-tenth (1/10) of one fully paid and non-assessable Westleaf Common Share in the event that a Liquidity Transaction has not occurred before the Liquidity Deadline. A Liquidity Transaction means in respect of Westleaf:

1. listing of Westleaf's securities on a recognized stock exchange;

2. a merger, combination, reverse take-over, amalgamation, plan or arrangement, qualifying transaction or other form of business combination with or into any other person, the securities of which are listed on a recognized stock exchange;

3. the sale or exchange of all or substantially all of the Westleaf Common Shares for cash or the sale of all or substantially all of the assets of Westleaf followed by one or more liquidating distributions for cash; or

4. any combination of the events or circumstances described above.

The Liquidity Deadline is defined as the later of:

1. on or before the date the Liquidity Warrants expire; or

2. in the event that, on or before the date that the Liquidity Warrants expire, Westleaf executes a letter of intent, memorandum of understanding, or substantially similar non-binding letter agreement to complete a Liquidity Transaction, six months from the date of execution of such letter of intent, memorandum of understanding, or letter agreement.

The Proposed Transaction is expected to constitute a Liquidity Transaction and as such if the Proposed Transaction closes prior to March 13, 2019 no shares will be issuable pursuant to the Liquidity Warrants and the Liquidity Warrants will be cancelled.

An aggregate of 162,840 non-transferable compensation warrants (the "**Westleaf Finder's Warrants**") were issued in conjunction with the private placement on March 29, 2018, each of which entitle the holder to purchase from Westleaf one Westleaf Common Share at any time and from time to time until 4:00 p.m. on March 29, 2020, on payment of $0.75 per Westleaf Common Share.

On July 23, 2018, Westleaf completed a non-brokered private placement with an Affiliate of Thunderchild First Nation, Thunder Developments Inc., for 16 million Westleaf Common Shares at $0.50 per Westleaf Common Share for gross proceeds of $8 million. The investment makes Thunderchild the largest shareholder of Westleaf, and was accompanied by Delbert Wapass' appointment to the Westleaf Board.

On September 28, 2018, Westleaf completed a non-brokered private placement for 5,485,000 Westleaf Common Shares at $0.50 per Westleaf Common Share for gross proceeds of approximately $2.7 million.

On October 2, 2018, Westleaf completed a non-brokered private placement with Universal Botanicals Inc. for 5,882,353 units at $0.85 per unit for gross proceeds of approximately $5 million. Each unit consisted of one Westleaf Common Share and one-half of one common share purchase warrant ("**Purchase Warrant**"), at a price of $0.85 per unit, resulting in 2,941,176 Purchase Warrants outstanding. Each whole Purchase Warrant entitles the holder to purchase one Westleaf Common Share at a price of $1.30 for a period of 24 months following the closing of the private placement. Subject to certain conditions, Westleaf will have the right, on not less than ten days prior written notice, to accelerate the expiry of the Purchase Warrants at any time if the ten day volume weighted average trading price of the Westleaf Common Shares on any public stock exchange is greater than $1.80.

Westleaf intends to use the net proceeds from its completed private placements to fund its cannabis production facilities as well as its retail distribution locations to be located in Alberta, Saskatchewan, and British Columbia.

In connection with its financing activities Westleaf entered into an advisory agreement with Atlas Capital pursuant to which Atlas Capital will receive 175,000 Atlas Warrants. Each Atlas Warrant shall entitle Atlas Capital to acquire one Westleaf Common Share at a price of $0.85 per share for a period of 24 months from the date such warrant was issued.

Westleaf Loan Facility and Credit Facility Agreements

On April 19, 2018, Delta West Inc. and Delta West Limited Partnership entered in to a two-year term loan facility arrangement (the "**Delta West Loan Facility**") with Alberta Treasury Branch ("**ATB**"). The loan is based on a ten-

year amortization time period with the first renewal occurring at the end of the initial two-year term. The Delta West Loan Facility provides for an initial financing in the amount of a non-revolving $4.3 million committed term facility for which the funds are available by way of one draw and which are to be used towards the purchase of a property to be used for the Delta West Facility. This initial facility for the full amount of $4.3 million was drawn on May 1, 2018, with interest at a prime plus 3% annual rate. The initial term has a maturity date of May 1, 2020 and the loan may be paid in whole or in part at any time without penalty.

The Loan Facility also provides for an additional borrowing amount up to $3.2 million to be used towards Phase II of the Delta West Facility upon obtaining a production license.

On September 7, 2018, Westleaf executed a credit facility commitment letter with ATB through Westleaf's wholly-owned subsidiary, Westleaf Cultivation Management I Inc. ("**WCMI**"). The commitment letter provides for a combination of credit facilities (collectively, the "**WCMI Facilities**" and each, a "**WCMI Facility**") totalling up to approximately $24 million. WCMI Facility #1 provides a revolving operating loan facility in the amount of $250,000, by way of prime-based loans and a corporate credit card for use for general operating purposes. WCMI Facility #2 provides a non-revolving development loan facility in the amount of up to $12 million, by way of prime-based loans and guaranteed notes, to be used to finance the development of Phase 1 of the greenfield build of the Battleford Facility. WCMI Facility #2 is available by way of multiple draws once Westleaf has incurred and paid for 50% of approved budgeted costs of the Battleford Project. WCMI Facility #2 is to be repaid using the funds from WCMI Facility #4, as defined below, once the Battleford Project is substantially complete. WCMI Facility #3 provides for stand-alone credit, by way of Letters of Credit, to be issued to municipalities in Battleford, Saskatchewan to support development of the Battleford Project. WCMI Facility #4 provides for a non-revolving reducing term loan facility in the amount of up to $12 million, by way of prime-based loans and guaranteed notes, to be used to repay WCMI Facility #2 upon WCMI Facility #2 maturity. WCMI Facility #4 will be available by way of a single draw.

The WCMI Facilities are accompanied by a second installment facility (the "**Additional Facilities**"), whereby WCMI may request further financing up to $11.25 million relating to Phase 2 of the Battleford Project. The additional WCMI Facilities will be dependent on WCMI obtaining a cannabis production license.

Westleaf Retail Applications

The provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Newfoundland & Labrador are permitting the sale of recreational cannabis products through private retail operators. Westleaf is pursuing a cannabis retail footprint across Canada to establish: (i) a vertically integrated business model; (ii) ensure distribution for Westleaf branded products; (iii) to capture retail margins (incremental to wholesale margin); (iv) and establish bespoke in-store product branding to market Westleaf's suite of existing and in-development brands.

Westleaf has applied for licenses to operate private cannabis retail locations in Alberta and Saskatchewan and is in the process of applying for retail licenses in British Columbia and Manitoba. Westleaf also intends to establish retail locations in Ontario however such operations may be operated by way of a franchise model or other structure as the Ontario regulations currently do not permit the granting of retail operator licenses to corporations if more than 9.9% of the corporation is owned or controlled, directly or indirectly, by one or more licensed producer or their affiliates. Westleaf is closely following developments in Ontario and is evaluating potential retail possibilities and store locations throughout the province.

Westleaf has curated a portfolio of premium retail locations across Western Canada and continues to target densely populated, high traffic, and resort-style areas. Additionally, Westleaf has created a high quality, immersive retail store design to differentiate itself from competitors and attract consumers. As a part of the broader strategy, Westleaf is targeting the aforementioned privatized cannabis retail provinces to build a nationally recognized retail brand to maximize its share of the Canadian cannabis market. With a significant retail distribution footprint across Canada, Westleaf can ensure product distribution for its cultivation operations and build consumer awareness for its product brands.

Westleaf Strategic Partnerships

Westleaf has secured partnerships with existing Licensed Producers and a First Nation, the details of which are as follows:

Delta 9 Cannabis Inc.

Westleaf entered into a limited partnership agreement (the "**Limited Partnership**") with Delta West Inc. as general partner and Delta 9 and Westleaf as limited partners on April 18, 2018. Delta 9 was the 4th Licensed Producer pursuant to the ACMPR and operates an 80,000 square foot production facility in Manitoba. Westleaf anticipates contributing $2 million to build out Phase I of the Delta West Facility. Delta 9 has assisted in the ACMPR licensing of Westleaf's projects in Saskatchewan and Alberta. Westleaf's partnership with Delta 9 includes: (i) collaboration on obtaining distribution in Manitoba; (ii) utilization and leverage of Delta 9's existing security clearances, standard operating procedures, and relationship with Health Canada; (iii) access to Delta 9's portfolio of cannabis genetics; (iv) an opportunity to access Delta 9's existing medical distribution channel; and (v) allows Westleaf to access the privatized market in Canada.

The limited partnership agreement has a management services agreement in place to which Westleaf Cultivation Management II Inc. is authorized to act on behalf of the General Partner and the Limited Partnership as the Limited Partnership's manager. Westleaf Cultivation Management II Inc. is a wholly owned subsidiary of Westleaf.

Thunderchild First Nation

Thunderchild is an independent, Treaty 6 First Nation located in Saskatchewan. Thunder Developments Inc., an Affiliate of Thunderchild, completed an $8 million strategic investment in Westleaf. Such investment made Thunderchild the largest shareholder of Westleaf, and Delbert Wapass, the former chief of the Thunderchild First Nation, became a member of the Westleaf Board. Westleaf is constructing a cannabis cultivation facility on lands owned by Thunderchild located near Battleford, Saskatchewan. At full capacity, the Battleford Facility is estimated to be an 115,000 square feet cannabis cultivation operation.

The Battleford Facility will be a large-scale, two-phase cultivation facility with an expected option to lease additional land for a Phase III expansion. Phase I of the project is expected to cost $30 million to build and to begin production in November of 2019. Phase I is expected to have a capacity to produce 7,300 kg of cannabis flower per annum, accompanied by approximately 6,000 kg of trim that can be utilized in Westleaf's extraction operations. Phase II of the Battleford Facility will have identical output at a significantly lower build-cost as Phase I of the Battleford Facility includes the central processing and packaging hub, whereas Phase II will be predominantly dedicated grow space.

VIVO Cannabis Inc.

Westleaf received a $5 million investment from VIVO Cannabis Inc. ("**VIVO**"), in addition to entering into a multi-year supply agreement (the "**Supply Agreement**") on October 2, 2018. VIVO, based in Napanee, Ontario, is recognized for trusted, high-quality products and services. It holds production and sales licences from Health Canada and operates world-class indoor cultivation facilities with proprietary plant-growing technology. The Supply Agreement provides Westleaf access to VIVO's portfolio of engaging adult-use brands, FIRESIDE™, Lumina™ and Canna Farms™, as well as the option of creating in-house brands powered by VIVO's high-quality cannabis products.

Concurrent Financing

In conjunction with the Proposed Transaction, Westleaf entered into an engagement agreement with IGC, and Canaccord Genuity Corp., as lead agent, on behalf of a syndicate of agents, including Eight Capital and GMP Securities L.P. (collectively, the "**Agents**") in connection with a brokered private placement for a minimum of 17,648,000 Subscription Receipts at a price of $0.85 per Subscription Receipt to raise, on a commercially reasonable efforts basis, gross proceeds of a minimum $15,000,800. IGC has also granted the Agents the Over-Allotment Option, to place up to an additional 2,647,200 Subscription Receipts at a price of $0.85 per Subscription Receipt, exercisable at any time, for up to 48 hours prior to closing of the Concurrent Financing.

Each Subscription Receipt will be automatically exchanged, upon satisfaction of certain escrow release conditions, into one Unit of IGC. Each Unit shall consist of one post-Consolidation Resulting Issuer Share and one-half of one Warrant. Each Warrant shall be exercisable to acquire one Warrant Share for a period of 24 months from closing of the Offering at an exercise price of $1.30 per Warrant, subject to adjustment in certain events. If the escrow release conditions are not met on or before December 31, 2018, all funds will be returned to the subscribers without deduction and the Subscription Receipts will be cancelled. The Offering is expected to close on December 4, 2018.

If at any time after the date of expiry or waiver of the Hold Period, the ten (10) trading day volume weighted average trading price of the Resulting Issuer Shares on any public stock exchange exceeds $1.80, then the Resulting Issuer may give notice within five (5) trading days immediately following such ten (10) trading day period to the Warrant holder: (i) setting forth the calculation of the volume weighted average trading price of the Resulting Issuer Shares for the purposes of such notice; and (ii) stating that if the Warrants are not exercised by 4:00 pm (Calgary time) on the date specified by the Resulting Issuer in such notice as the "Accelerated Expiry Date", which Accelerated Expiry Date shall be not less than ten (10) days after the date of the Acceleration Notice, then the Warrants shall expire and be of no further force and effect.

The Resulting Issuer Shares issued in exchange for the Subscription Receipts, the Warrants, the VIII Capital Warrants, the Resulting Issuer Shares issuable on exercise of the VIII Capital Warrants, the Warrant Shares, the Broker Warrants and the Resulting Issuer Shares issuable on the exercise of the Broker Warrants shall have a four-month hold period from the closing of the Proposed Transaction.

The Agents will receive a cash commission equal to 6% of the gross proceeds from the Offering and such number of Broker Warrants equal to 6% of the number of Subscription Receipts issued under the Offering. Each Broker Warrant shall entitle the holder thereof to acquire one Resulting Issuer Share at an exercise price of $0.85 for a period of 24 months following the closing of the Offering.

In connection with the Concurrent Financing, on the Closing Date, Eight Capital will receive a cash commission equal to 6% of the gross proceeds from the Offering identified by Eight Capital, up to a maximum of $174,000, and such number of VIII Capital Warrants equal to 6% of the number of Subscription Receipts issued under the Offering as a result of Eight Capital's efforts, up to a maximum of 204,705 warrants. Each VIII Capital Warrant shall entitle Eight Capital to acquire one Resulting Issuer Share at an exercise price of $0.85 for a period of 24 months following the closing of the Offering.

In consideration for services provided in connection with the Concurrent Financing, on the Closing Date, 1187959 B.C. Ltd. will receive 300,000 Westleaf Shares.

The net proceeds from the Offering are intended to be used by the Resulting Issuer for expansion of its retail operations and general corporate purposes.

The closing of the Concurrent Financing is conditional upon, among other things, the receipt of all necessary corporate and regulatory approvals in respect of the Concurrent Financing.

NARRATIVE DESCRIPTION OF THE BUSINESS

General

Westleaf is building a vertically integrated cannabis company focused on innovative retail experiences, engaging cannabis brands, and premium cannabis production. Westleaf is developing a national retail footprint for its retail concept "Prairie Records", which leverages the instinctual tie of recreational cannabis and music and redefines the cannabis purchasing experience. Westleaf is constructing state-of-the-art cannabis production facilities in Alberta and Saskatchewan.

Retail Brands – Prairie Records

With the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Newfoundland & Labrador permitting the sale of recreational cannabis products through private retail operators, Westleaf has invested in the development of a retail store concept, Prairie Records. To date, Westleaf has applied for licenses for Prairie Records

stores in Alberta and Saskatchewan and is in the process of applying for licenses for Prairie Records in British Columbia and Manitoba. Furthermore, on November 14, 2018 Ontario released regulations permitting private retail of cannabis. Westleaf intends to establish retail locations in Ontario however such operations may be operated by way of a franchise model as the Ontario regulations currently do not permit the granting of retail operator licenses to corporations if more than 9.9% of the corporation is owned or controlled, directly or indirectly, by one or more licensed producer or their affiliates. Westleaf is closely following developments in Ontario and is evaluating potential retail possibilities and store locations throughout the province. See "*Part V – Risk Factors*".

The Prairie Records concept leverages the instinctual tie of recreational cannabis to music to create a modern high-end design agnostic to consumers' music preferences. The stores are designed to increase consumer engagement, product education, and help match products to consumers' desired experiences. See "*Part II – Information Concerning Westleaf – Marketing Plan and Strategies*" for more details.

Domestic Cannabis Production

Westleaf submitted its application to become a Licensed Producer under the ACMPR for the Battleford Facility and received confirmation that all security clearances were approved on August 2, 2018 and that the application is now in the review phase (the "**Battleford Application**"). Westleaf's application is currently being transferred into the new Cannabis Tracking and Licensing System ("**CTLS**"). Such license, if granted, will allow Westleaf to cultivate cannabis and sell dried cannabis flower from its Battleford Facility. Westleaf's application is currently under review by Health Canada. Once fully operational, the Battleford Facility will be approximately 115,000 square feet in size and will provide potential job creation for the Thunderchild First Nation community and spur long-term economic development in Battleford, Saskatchewan.

Westleaf submitted its application on August 30, 2018 for a license to produce cannabis oils for the Delta West Facility (the "**Delta West Application**" and together with the Battleford Application, the "**Applications**"). Westleaf received a Health Canada file number on September 14, 2018 and its application is currently in the process of being transferred into the new CTLS. Westleaf intends for the Delta West Facility to be a production, research and development, processing, extraction, and fulfillment centre which will be capable of producing a diversified derivative product offering to supply the Canadian and global markets.

Principal Products and Services

There are many different genetic strains of cannabis plants and new genetic strains are created by the crossing of genetics through interbreeding or other methods. Cannabis plants are generally considered to be either of the Sativa or Indica type, or a hybrid of the two types if they have had their genetics crossed. Each variety of cannabis strain contains multiple cannabinoids. The most common cannabinoids present in cannabis are tetrahydrocannabinol ("**THC**"), the cannabinoid responsible for many of the psychoactive effects of cannabis, and cannabidiol ("**CBD**"), the cannabinoid responsible for many of the non-psychoactive effects of cannabis. Westleaf has an agreement with Delta 9 to access Delta 9's portfolio of cannabis genetics, of which there are multiple genetic strains that Westleaf intends to produce.

Upon completion of its facilities, Westleaf intends to produce legalized products in accordance with the Cannabis Act, which include dry flower, pre-rolls, oil, and gel capsules. Upon the completion and licensing of its Battleford Facility Phase I, Westleaf intends to produce dry flower and pre-rolls in this facility for sale in accordance with the Cannabis Act. Westleaf estimates the completion of the Battleford Facility Phase I will require $26.7 million of available funds, of which $12 million is expected to be debt financed through the WCMI Facility #2. Westleaf has contracted SBL Contractors Ltd. to complete the construction on its behalf, in coordination with Westleaf's operations team. Operation of this facility is subject to receipt of the appropriate Cannabis Act license from Health Canada, which Westleaf has applied for and Health Canada is currently reviewing.

Upon the completion and licensing of the Delta West Facility Phase I, Westleaf intends to produce oils and gel capsules in this facility as these derivative products are currently legal for sale under the Cannabis Act. Westleaf expects the Delta West Facility Phase I to require $2.0 million of available funds, net to Westleaf, to complete. Westleaf has contracted SBL Contractors Ltd. to complete the development of the site on its behalf, in coordination with Westleaf's operations team. Operation of this facility is subject to receipt of the appropriate Cannabis Act license from Health Canada, which Westleaf has applied for and Health Canada is currently reviewing. Westleaf

intends to produce additional cannabis-based derivative products in the Delta West facility if and when they become legalized in the future, with a focus on recreational-use products. Such products may include, but may not be limited to, edibles, beverages, additional oils, shatter, and cartridges for vaporizers, all of which is subject to the Federal Government's determination. The Federal Government has indicated that the sale of cannabis-based derivative products will be permitted within one (1) year of the Cannabis Act coming into force, on October 17, 2018; however, the scope of further legalization and the exact timing of the potential future amendments to the Cannabis Act is not clear at this time. Westleaf intends to produce derivative products from Phase I of the Delta West Facility and cultivate cannabis from the Battleford Facility.

Upon completion of its retail operations, Westleaf intends to sell cannabis and cannabis derivative products with a focus on recreational products and brands. Westleaf intends to sell Westleaf branded products through its retail stores when possible. Following the legalization of additional cannabis derivative products, Westleaf will focus on selling recreational-use products in retail stores.

Operations

The Company is not yet fully operational and, as such, had only general and administration expenses for the reporting year. See "*Part II – Information Concerning Westleaf – General Development of the Business*" for Westleaf's current projects in development.

Market

Westleaf intends to sell its products within the recreational cannabis markets of Canada, with a focus on the British Columbia, Alberta, Saskatchewan, Manitoba, and Ontario markets. On June 21, 2018, the Cannabis Act received Royal Assent, passing through the final stage of the federal legislative process and into law. The Cannabis Act, which came into force October 17, 2018, creates a legal market for recreational cannabis and significantly expands the number of individuals able to legally purchase cannabis and cannabis products within Canada.

The Cannabis Act allows all Canadians over the age of 18, subject to higher age limits imposed at the provincial level, to purchase cannabis by mail and in retail locations as regulated at a provincial level. The possession limit for an individual is set at 30 grams of dried cannabis. Current regulations allow for the sale of dried flowers, oils, and soft-gel capsules while the Federal Government has indicated that further products will be permitted to be sold within a year of the opening of the regulated recreational market; products could include higher concentrated oils, edibles, cannabis-infused beverages, and various other higher value-added products. Westleaf intends to develop, produce, and retail different recreational use products as such products become legalized.

The production, import, and sale of cannabis for the recreational market continues to be highly regulated in Canada even after the Cannabis Act coming into effect. Previously, cannabis production was regulated by Health Canada under the ACMPR and Health Canada accepted applications under the ACMPR until the Cannabis Act came into force. The Cannabis Act establishes a legal framework for the licenses and permits that govern the importation, exportation, production, testing, packaging, labelling, sending, delivery, transportation, sale, possession, or disposal of cannabis or any class of cannabis. Now that the Cannabis Act is in force, Health Canada will direct applicants to use the CTLS to apply for a license.

Federal legislation has given responsibility of regulating the distribution and retail operations of recreational cannabis to the provinces and territories. Currently, British Columbia, Alberta, Saskatchewan, Manitoba, Newfoundland & Labrador, and the Yukon Territory have announced that retail of recreational cannabis will be privatized and overseen by provincial liquor control agencies. Ontario, New Brunswick, Quebec, Prince Edward Island, and Nova Scotia have announced that their provincial liquor control agencies will control distribution and retail of recreational cannabis. Recently, Ontario announced that it will transition to a privatized retail framework and regulations regarding same were announced on November 14, 2018; however, until April 1, 2019, recreational purchases may only be completed online. Westleaf has applied for retail locations in Alberta and Saskatchewan, is in the process of applying for retail licenses in British Columbia and Manitoba, and intends to establish retail locations in Ontario in compliance with Ontario's regulatory framework.

Marketing Plan and Strategies

Westleaf intends to utilize consistent branding and messaging across all of its retail locations upon legalization of the sale of recreational cannabis under the "Prairie Records" name. Westleaf retail stores will incorporate influences of music and record stores to create a modern and high-end design, which remains agnostic to consumers' music preferences. The stores are designed with the intent to encourage customer engagement, allowing for customers to read records which will contain relevant details about individual products as current regulations do not permit cannabis products to be available on shelves. Having this information available is critical for consumer education, which may help customers select the correct product to produce their desired effect and improve their overall experience. The Prairie Records stores will feature products of the month, with music paired to the intensity or feel of the product. This customer engagement will reduce the queue for those looking to get in and out quickly, as inexperienced or curious customers can view records and read about products and strains, listen to music, or have a dialogue with a store representative. Westleaf estimates that the build out of its retail stores will cost around $175 to $325 per square foot, depending on a number of factors including the size of the store, cost of labour in the regional market, store location, and provincial regulations for store requirements.

Given a Prairie Records store can provide relevant information and music pertaining to brands, Westleaf has the ability to create bespoke branding specific to its own product brands. It also has the option to feature these brands to improve customer recognition. In order to support its retail operations, Westleaf has a dedicated marketing team that will engage potential customers, through the use of social media, promotions, and loyalty programs. All Westleaf marketing activity will be conducted in compliance with the Cannabis Act and its related regulations.

Westleaf intends to utilize consistent branding and messaging for its two current product brands and any future brands that it develops. Westleaf will cultivate, process, and package recreational cannabis products directed as a recreational purposes line. Additionally, Westleaf will cultivate, process, and package recreational cannabis products directed as a health and wellness line under the "Loon" name. Westleaf intends to feature these brands and create bespoke in-store branding to improve relevance to cannabis users.

Westleaf anticipates that dried cannabis will be the largest selling item in its stores by volume. Pricing is subject to market conditions, which Westleaf believes will continue to evolve as more cannabis producers enter the wholesale market. Currently, Westleaf anticipates dried flower will retail for $6.00 to $18.00 per gram in the markets which it intends to operate; prices are expected to vary depending on the properties, quality, and other perceived factors of the product.

Competitive Conditions

Cultivation

The market for recreational and medical cannabis products appears to be sizable and the Government of Canada has issued over 100 licenses under the ACMPR to produce and sell cannabis. While there are limited Licensed Producers, there are several hundred applicants that could have an impact on the operations of Westleaf. In addition, there may be pressure for industry consolidation to establish larger companies with significantly increased scale of operations. If demand for cannabis production is above expectations, Westleaf expects competition to increase and current and future competitors may begin to offer an increasing number of diversified and higher quality products. As such, a significant increase in the number of Licensed Producers could adversely affect the business, prospects, financial condition, operations, and financial performance of Westleaf.

Retail

With respect to retail operations, Westleaf expects to compete with other retail license holders across British Columbia, Alberta, and Saskatchewan. Westleaf has pre-qualified for the opportunity to apply for retail permits in Manitoba. Westleaf anticipates other cannabis retailers will also attempt to enter and compete in these markets. Many of Westleaf's competitors in the markets in which Westleaf intends to operate the Prairie Records name are local and regional operators. In certain markets such as Vancouver, British Columbia, there are also a number of illegally operating dispensaries, which serve as competition. However, it is expected that the majority of these dispensaries will be forced to cease operations in the next twelve months. Westleaf believes that its principal competitors will be other large retailers with national or regional presences.

Fire & Flower

Fire & Flower Inc. ("**Fire & Flower**") is a cannabis retailer that aims to provide a contemporary adult use cannabis retail experience. Fire & Flower is expanding across Western Canada and has indicated it plans to expand into Ontario. Fire & Flower carries a variety of cannabis products and accessories and states that they aim to carry the best cannabis brands.

Nova Cannabis (Alcanna Inc.)

Nova Cannabis ("**Nova**") is a cannabis retailer owned by Alcanna Inc. ("**Alcanna**"), formerly Liquor Stores N.A., a large liquor retailer that operates liquor stores in British Colombia and Alberta. Alcanna intends to operate the Nova banner in British Colombia and Alberta as well as potentially enter other markets. Alcanna intends to operate cannabis retail stores with a focus on executing a customer service and education culture.

Choom

Choom Holdings Inc. ("**Choom**") is a cannabis retailer intending to operate in British Colombia and Alberta. Choom is also seeking retail locations in Saskatchewan and Manitoba as well as stating their intention of viewing Ontario as a retail expansion opportunity. Choom's retail brand is inspired by the "Choom Gang" from Honolulu in the 1970s and focuses on creating an atmosphere of chasing good times with good friends.

Spiritleaf

Spiritleaf is the cannabis retail brand of Inner Spirit Holdings, a cannabis company focused on cannabis product brands and cannabis retail. Spiritleaf is operated under a franchise model and previously announced it has granted more than 100 franchise locations in Western Canada. Spiritleaf has stated that it aims to be the most knowledgeable and trusted source of recreational cannabis. Spiritleaf intends to do this in part through the offering of its own branded products.

Tweed Main Street

Tweed Main Street ("**Tweed**") is the cannabis retail brand of Canopy Growth Corporation, a large cannabis producer which also owns multiple cannabis product brands. Tweed intends to operate in Alberta, Saskatchewan, Manitoba, and Newfoundland and Labrador. Tweed is considering entering the Ontario market in addition to the other markets. Tweed is focused on an engaging retail experience to build a brand that will drive demand for their products.

NewLeaf / Meta Cannabis Supply Co.

NewLeaf Cannabis is a recreational cannabis retailer owned by National Access Cannabis Corp., a cannabis retailer which operates medical cannabis clinics as well as the Meta Cannabis Supply Co. ("**Meta**"), cannabis retail brand. NewLeaf is focused on being a responsible, needs-focused cannabis retailer providing an educational and community-oriented customer experience. Meta seeks to focus on providing insights into cannabis culture to customers seeking to reach a deeper perspective. Meta intends to cater to those seeking an educational cannabis retail experience as well as experienced cannabis users.

Canna Cabana

Canna Cabana is a recreational cannabis retailer owned by High Tide, a company which owns cannabis product brands and smoke shops. Canna Cabana has applied for retail cannabis permits in Alberta and intends to apply for retail cannabis licenses in British Columbia. Canna Cabana intends to provide a sophisticated, playful, and well-rounded customer experience.

Provincial Retailers

In British Columbia, Alberta, and Ontario, provincially owned retailers will be the only entities allowed to sell cannabis to consumers online. In British Columbia, the provincial retailer will also operate brick and mortar retail

locations. Online retailers generally ship their products by mail to consumers, creating a delay between purchase and delivery.

British Columbia

Privatized cannabis retail is provincially regulated by the Liquor and Cannabis Regulation Branch (the "**LCRB**"). Before submitting a provincial application to the LCRB, prospective retailers must register their business in British Columbia and obtain a location, whether through ownership, lease, or an agreement to lease. Applications to the LCRB must include information about the applicant and associates, the proposed location, security screening, and financial integrity, among other items. The applicant must also secure a recommendation that the license be issued from the municipality which the proposed store will be located in. The next step is to receive conditional approval which allows the applicant to ready the store for operation. The final step to receiving a license is for the proposed store to pass an inspection and receive confirmation of compliance with LCRB's conditions. Westleaf is in the process of applying to the LCRB for retail licenses for its prospective retail locations in British Columbia.

The licensee must register with the Liquor Distribution Branch (the "**LDB**") before they can begin ordering cannabis products. In British Columbia, licensees may only purchase cannabis products from the LDB for sale to consumers. The LDB has exclusivity to operate an online platform for cannabis stores, and private retailers are limited to a maximum of 8 retail cannabis stores.

Alberta

Privatized cannabis retail is regulated by Alberta Gaming, Liquor & Cannabis (the "**AGLC**"). The AGLC requires prospective store owners to pass personal and financial background checks on the applicant, as well as associates and key employees. The company must also be registered or incorporated in Alberta. The retail store for which the license is applied for must have a point-of-sale area, a shipping/receiving area that is separate from other businesses, a secure storage area, an alarm system, a video surveillance system, and a secure product display. Municipal approval for the location is also required before the AGLC will issue a license.

Westleaf is currently engaged in the due diligence process with the AGLC for retail licenses at its prospective Alberta locations. The process is at various stages for each of the license applications and Westleaf is actively engaged with the AGLC to respond to any inquiries from its case manager, as well as providing the regulator with necessary corporate updates.

Licensees may only purchase cannabis products from the AGLC for sale to consumers. Currently, Alberta has limited the number of retail licenses per company to 15% of total cannabis retail licenses in the province. The provincial government has stated that this will be reviewed in July 2019. The AGLC will be the sole provider of online sales in the province.

Saskatchewan

Privatized cannabis retail is regulated by the Saskatchewan Liquor and Gaming Authority ("**SLGA**"). Saskatchewan granted 51 permits for retail cannabis stores on June 1, 2018 via a lottery system for successful applicants. Successful applicants must begin operations of their retail store within 12 months to retain the license. There has been no firm guidance as to when new retail applications will be accepted. Saskatchewan permits the sale of an existing business which holds a permit for the sale of cannabis; however, the purchaser must apply and qualify for a permit before the transfer may take place.

Westleaf has completed its permit application for its Saskatchewan license. Once construction is completed on this location, the SLGA will inspect the premises and, subject to meeting the regulator's requirements, the license will then be released allowing operations to begin.

Licensees will be able to buy cannabis directly from Saskatchewan cannabis retail store permittees, Saskatchewan cannabis wholesale permittees and licensed producers registered with SGLA. Licensees can sell cannabis online and deliver direct to consumers.

Manitoba

Privatized cannabis retail is regulated by the Liquor, Gaming and Cannabis Authority of Manitoba ("**LGCA**"). Manitoba launched a Request for Proposal process on November 7, 2017 seeking four initial non-medical cannabis retailers. The government announced the successful retailers on February 16, 2018. Following the first Request for Proposal, the province then released a Request for Pre-Qualification on July 23, 2018 seeking retailers to pre-qualify for new retail stores in specific areas of Manitoba. The Request for Pre-Qualification application process is now closed; however, a date for the Phase II process to select the recipients of licenses has not yet been released. Westleaf is pre-qualified to apply to operate cannabis retail stores in Manitoba and plans to participate in the Phase II selection process, which may include a lottery selection, with this pre-qualification.

Licensees may only purchase cannabis products from the Manitoba Liquor and Lotteries Corporation for sale to consumers. Licensed private cannabis retailers in Manitoba are permitted to sell cannabis online and deliver direct to consumers.

Ontario

On November 14, 2018 the Province of Ontario released the application process for obtaining a cannabis retail license. The provincial government has indicated they are targeting an April 1, 2019 deadline for the launch of the province's private retail framework. The Ontario Cannabis Store (the "**OCS**") is currently the only legal retailer of recreational cannabis in the province and will be the only legal online provider of recreational cannabis under the new framework. The OCS will also be the exclusive wholesaler of cannabis to private retail stores once they are legally allowed to operate. Westleaf is closely monitoring the Ontario regulatory framework and is currently evaluating retail opportunities and locations.

Municipalities

Each municipality has its own process and bylaws regarding the permitting of retail of cannabis within its jurisdiction. Generally, municipalities which allow private cannabis retailers have a similar application and approval process, with individual rules varying across them. A general framework for many municipalities is as follows.

Retail cannabis stores must submit an application package for a development permit. This package generally consists of site plans, a floor plan, a lease or an offer to lease or proof of building ownership, and an application fee. The municipality then reviews this package and verifies the contents as well as checks for any violations of zoning or separation distances which it has enacted. The order in which development permits are issued may be merit based, lottery based, or on a first come first serve basis.

Westleaf's development permit applications to municipalities for retail cannabis locations are at various stages of progression, with new applications in draft, submitted applications under review by regulators, and a number of applications with approved development permits received.

Future Developments

Westleaf has applied to Health Canada for an ACMPR license to allow for the production of cannabis in the Battleford Facility and such application has since been transferred to the CTLS. Furthermore, Westleaf has applied for a license to produce cannabis oils for the Delta West Facility. Upon receipt of each license, if such licences are granted at all, Westleaf will be required to meet certain criteria related to production, to submit an application to Health Canada to amend its license to allow for the sale of cannabis and/or cannabis oils. Westleaf intends to develop other derivative cannabis products in its Delta West Facility, subject to receipt of the appropriate license and the release of additional Health Canada regulations for derivative products which are expected to be released in 2019. See "*Part V – Risk Factors*".

Westleaf has applied for licenses and intends to operate cannabis retail stores in British Columbia, Alberta and Saskatchewan. Westleaf has also pre-qualified for the opportunity to apply for retail permits in Manitoba. Westleaf is targeting between 20 to 30 retail store openings over the next 12 to 24 months, subject to securing real estate, finalizing lease agreements, and completing provincial and municipal approvals.

Proprietary Protection

Westleaf has developed numerous standard operating procedures including its training of retail staff, cultivation and extraction techniques. Further, Westleaf has obtained proprietary, state-of-the-art design standards for its retail, cultivation and extraction facilities. Westleaf relies on non-disclosure and confidentiality arrangements and trade secret protection to protect such procedures, techniques, and systems.

Westleaf has invested and intends to invest towards developing a recognizable and unique brand consistent with premium, distinct, and high-end retailers in consumer-related industries. To date, Westleaf has 18 applications pending with the Canadian Intellectual Property Office and a number of applications pending with the United States Patent and Trademark Office. In addition to its trademarks, Westleaf owns 11 website domains, including www.westleaf.com and www.prairierecords.com, as well as numerous social media accounts across all major platforms. Westleaf adheres and upholds strict standards and operating procedures regarding its intellectual property, including the regular use of non-disclosure and confidentiality agreements. Furthermore, Westleaf's in-house and outside legal counsel monitor and respond to potential intellectual property infringement.

SELECTED CONSOLIDATED FINANCIAL INFORMATION & MANAGEMENT'S DISCUSSION AND ANALYSIS

Annual Information

	Six Months Ended June 30, 2018 (C$ 000) (Unaudited)	Period from from August 22, 2017 (date of incorporation) to December 31, 2017 (C$ 000) (Audited)
Total Assets	19,218	555
Total Long-Term Liabilities	3,802	-
Current Liabilities	1,830	761
Revenues	-	-
General and Administrative Expenses	1,249	216
Net Loss, from Continuing Operations	(1,373)	(216)
Net Loss, Total	(1,373)	(216)
Net Loss per Westleaf Common Share (Basic and Diluted)	(0.04)	(1.08)

Quarterly Information

Item	Quarter Ended			
	June 30, 2018 (C$ 000)	**March 31, 2018 (C$ 000)**	**December 31, 2017 (C$ 000)**	**September 30, 2017 (C$ 000)**
Net Sales or Total Revenues	--	--	--	--
Loss from Continuing Operations	(1,063)	(310)	(215)	(1)
Net Loss, in Total	(1,063)	(310)	(215)	(1)
Adjusted EBITDA[(1)]	(1,054)	(310)	(215)	(1)

Note:

(1) See "Non-IFRS Measures".

Management's Discussion and Analysis

The MD&A of the financial condition and results of operations of Westleaf for the period from August 22, 2017 (date of incorporation) to December 31, 2017 and the six (6) months ended June 30, 2018, are attached hereto at Appendix D and should be read in conjunction with the audited financial statements for the period from August 22, 2017 (date of incorporation) to December 31, 2017 and the unaudited financial statements for the six (6) months ended June 30, 2018. Such financial statements have been prepared in accordance with IFRS and all amounts included in the MD&A are in Canadian dollars, unless otherwise specified. For a discussion of risks and uncertainties facing IGC, Westleaf, and the Resulting Issuer see "*Part V – Risk Factors*".

Trends

Legalization and Regulation of Non-Medical Use of Cannabis in Canada

On June 21, 2018, the Cannabis Act, received Royal Assent, passing through the final stage of the federal legislative process and into law. The Cannabis Act, which came into force October 17, 2018, creates a legal market for recreational cannabis and significantly expands the number of individuals able to legally purchase cannabis and cannabis products within Canada. The sale of cannabis without the appropriate federal, provincial and/or municipal licenses will continue to be illegal in Canada.

The Cannabis Act allows all Canadians over the age of 18, subject to higher age limits imposed at the provincial level, to purchase cannabis by mail and in retail locations regulated at a provincial level. The possession limit for an individual is set at 30 grams of dried cannabis. Current regulations allow for the sale of dried flowers, oils, and soft-gel capsules. Products that are currently illegal in Canada include higher concentrated oils, edibles, cannabis-infused beverages, and various other higher value-added products. Westleaf intends to develop, produce, and/or retail some or all of these products upon their legalization.

The Canadian federal government has indicated that the sale of cannabis-based recreational products will be permitted within one year of the Cannabis Act coming into force (October 17, 2018). These products can be expected to be cannabis extraction-based products with higher concentrated vaping oils, edibles, and beverages. Westleaf intends to invest in research and development efforts, the licensing of select intellectual property in the cannabis industry, the acquisition of select technologies and the acquisition of or partnership with entitles with select technologies.

DESCRIPTION OF THE SECURITIES

Securities

Westleaf has the following securities issued and outstanding which will be exchanged for, or become exercisable for, equivalent securities of IGC at Closing of the Transaction.

Westleaf Common Shares

Westleaf is authorized to issue an unlimited number of Westleaf Common Shares, the holders of which are entitled:

(a) to receive notice of and to attend and vote at all meetings of shareholders, except meetings at which only holders of a specified class of shares are entitled to vote;

(b) to receive any dividend declared by Westleaf, provided that the corporation shall be entitled to declare dividends on any other class of shares and the Westleaf Preferred Shares, or any of such classes of shares without being obliged to declare any dividends on the Westleaf Common Shares; and

(c) subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of the corporation, to receive the remaining property of the corporation upon dissolution in equal rank with the holders of all other common shares of the corporation.

As at the date of this Filing Statement, 82,330,353 Westleaf Common Shares are issued and outstanding as fully paid and non-assessable.

Westleaf Preferred Shares

Westleaf is authorized to issue an unlimited number of Westleaf Preferred Shares without nominal or par value. The Westleaf Preferred Shares have attached thereto the following rights, privileges, restrictions, and conditions:

(a) the Westleaf Preferred Shares may from time to time be issued in one or more series, and the Westleaf Board may fix from time to time before such issue the number of Westleaf Preferred Shares which is to comprise each series and the designation, rights, privileges, restrictions, and conditions attaching to each series of Westleaf Preferred Shares including, without limiting the generality of the foregoing, any voting rights, the rate or amount of dividends or the method of calculating dividends, the dates of payment thereof, the terms and conditions of redemption, purchase and conversion if any, and any sinking fund or other provisions;

(b) the Westleaf Preferred Shares of each series shall, with respect to the payment of dividends and the distribution of assets or return of capital in the event of liquidation, dissolution, or winding-up of the Corporation , whether voluntary or involuntary, or any other return of capital or distribution of the assets of Westleaf amongst its shareholders for the purpose of winding-up its affairs, be entitled to preference over the Westleaf Common Shares and over any other shares of Westleaf ranking by their terms junior to the Westleaf Preferred Shares of that series. The Westleaf Preferred Shares of any series may also be given such other preferences, not inconsistent with the Articles of Incorporation of Westleaf, as amended, over the Westleaf Common Shares and any other such Westleaf Preferred Shares as may be fixed; and

(c) if any cumulative dividends or amounts payable on the return of capital in respect of a series of Westleaf Preferred Shares are not paid in full, all series of Westleaf Preferred Shares shall participate rateably in respect of accumulated dividends and return of capital.

As at the date of this Filing Statement, there are no Westleaf Preferred Shares issued or outstanding.

Westleaf Finder's Warrants

An aggregate of 162,840 non-transferable compensation warrants were issued to certain finders. Each warrant entitles the holder to acquire one Westleaf Common Share at any time and from time to time until 4:00 p.m. on March 29, 2020, on payment of $0.75 per Westleaf Common Share.

Westleaf Purchase Warrants

An aggregate of 2,941,176 non-transferable purchase warrants ("**Westleaf Purchase Warrants**") were issued in connection to the October 2, 2018 private placement of Westleaf. Each Westleaf Purchase Warrant entitles the holder to acquire one Westleaf Common Share at any time and from time to time until 4:00 p.m. on October 2, 2020, on payment of $1.30 per Westleaf Common Share.

Westleaf Liquidity Warrants

In connection with the Westleaf private placement, which closed in 4 tranches from March 13, 2018, to April 16, 2018, Westleaf issued 24,963,000 Liquidity Warrants. Each Liquidity Warrant shall entitle the holder to receive, for no additional consideration, one-tenth of one Westleaf Common Share, subject to adjustments, in the event that a Liquidity Transaction has not occurred on or before the Liquidity Deadline. It is anticipated that all of the Liquidity Warrants will be cancelled upon Closing of the Transaction. See *"Part II – Information Concerning Westleaf – Westleaf Unit Offerings"* and *"Part II – Information Concerning Westleaf – History"*.

Westleaf Performance Warrants

Westleaf expects a total of 980,000 performance warrants (the "**Westleaf Performance Warrants**") will be outstanding immediately prior to Closing. Each Westleaf Performance Warrant will entitle the holder thereof to acquire one Westleaf Common Share, at a price of $0.001 per Westleaf Common Share, at any time, until 4:30 p.m. on the second anniversary date of the issue date of such Westleaf Performance Warrant.

The Westleaf Performance Warrants will become exercisable upon specific performance events occurring in relation to Westleaf's cannabis cultivation and sales operations. The Westleaf Performance Warrants will become exercisable upon the successful completion of the following: (i) the receipt of a retail license from a governmental authority to permit Westleaf to operate a retail cannabis business out of specific premises where the retail location will reside (the "**Premises**"); and (ii) the commencement of cannabis retail sales to the general public from the Premises (collectively, the "**Performance Event**"). For greater certainty, no Performance Warrant may be exercised unless and until a Performance Event has occurred. As of the date of this Filing Statement, the Performance Event has not occurred and as such, the Performance Warrants are not yet exercisable.

Westleaf Delta 9 Performance Warrants

Westleaf expects a total of 250,000 performance warrants (the "**Delta 9 Performance Warrants**") will be outstanding immediately prior to Closing. Each Delta 9 Performance Warrant will entitle Delta 9 to acquire one Westleaf Common Share, at a price of $0.50 per Westleaf Common Share, at any time, until 4:30 p.m. on the second anniversary date of the issue date of such Delta 9 Performance Warrant.

The Delta 9 Performance Warrant will become exercisable upon receipt of an ACMPR license to cultivate for the Battleford Facility (the "**Delta 9 Performance Event**"). For greater certainty, no Delta 9 Performance Warrant may be exercised unless and until the Delta 9 Performance Event has occurred. As of the date of this Filing Statement, the Delta 9 Performance Event has not occurred and as such, the Delta 9 Performance Warrants are not yet exercisable.

Atlas Warrants

Westleaf expects a total of 175,000 Atlas Warrants will be outstanding immediately prior to Closing. Each Atlas Warrant will entitle Atlas Capital to acquire one Westleaf Common Share, at a price of $0.85 per Westleaf Common Share, at any time until 4:00 p.m. on the date that is two years from the issue date of such Atlas Warrant. The Atlas

Warrants will be issued in connection with an advisory agreement entered into between Westleaf and Atlas Capital in connection with Westleaf's financing activities.

VIII Capital Warrants

Westleaf expects a total of 204,705 VIII Capital Warrants will be outstanding immediately prior to Closing. Each VIII Warrant will entitle Eight Capital to acquire one Westleaf Common Share, at a price of $0.85 per Westleaf Common Share, at any time until 4:30 p.m. on the anniversary date of the issue date of such VIII Capital Warrant. The VIII Capital Warrants will be issued in connection with an advisory agreement entered into between Westleaf and Eight Capital in connection with the Concurrent Financing.

Westleaf Options

Westleaf has issued a total of 3,014,400 options to eligible persons under the Westleaf Option Plan. See "*Part II – Information Concerning Westleaf – Stock Option Plan*".

Westleaf RSUs

Westleaf has issued a total of 7,085,000 restricted share units ("**Westleaf RSUs**") to certain directors, officers, and employees of Westleaf and its Affiliates ("**Eligible Persons**") pursuant to Westleaf's Restricted Share Unit Award Plan (the "**Westleaf RSU Plan**").

The purpose of the Westleaf RSU Plan is to promote the interests and long-term success of Westleaf by:

(a) furnishing certain directors, officers, and employees of Westleaf or its Affiliates with greater incentive to develop and promote the business and financial success of Westleaf;

(b) aligning the interests of persons to whom restricted awards may be granted with those of the shareholders of Westleaf generally through a proprietary ownership interest in Westleaf; and

(c) assisting Westleaf in attracting, retaining and motivating its directors, officers, and employees.

Westleaf believes that these purposes may best be effected by granting restricted awards and affording Eligible Persons an opportunity to acquire a proprietary interest in Westleaf.

The effective date of the Westleaf RSU Plan is August 2, 2018, or such other date as the Westleaf Board may determine, subject to approval of the Westleaf RSU Plan. The approval of the Westleaf RSU Plan includes the approval of disinterested Westleaf Shareholders and the Exchange.

The Westleaf Board may at any time appoint a committee of the Board (the "**Compensation Committee**") to, among other things, interpret, administer, and implement the Westleaf RSU Plan on behalf of the Westleaf Board in accordance with such terms and conditions as the Westleaf Board may prescribe, consistent with the Westleaf RSU Plan (provided that if at any such time such a committee has not been appointed by the Board, the Westleaf RSU Plan will be administered by the Westleaf Board). The Board will take such steps that in its opinion are required to ensure that the Compensation Committee has the necessary authority to fulfil its functions under the Westleaf RSU Plan.

The Compensation Committee is authorized, subject to the provisions of the RSU Plan, to establish such rules and regulations as it deems necessary for the proper administration of the RSU Plan, and to make determinations and to take such other action in connection with or in relation to the Westleaf RSU Plan as it deems necessary or advisable. Each determination or action made or taken pursuant to the RSU Plan, including interpretation of the RSU Plan, shall be final and conclusive for all purposes and binding on all parties, absent manifest error. Westleaf will be responsible for all costs relating to the administration of the RSU Plan.

Unless otherwise determined by the Westleaf Board, the Westleaf RSU Plan shall remain an unfunded obligation of Westleaf and the rights of participants under the Westleaf RSU Plan shall be general unsecured obligations of

Westleaf. Westleaf is authorized to take such steps as may be necessary to ensure all applicable withholding taxes are withheld, deducted, and remitted as required by law.

The aggregate number of Westleaf Common Shares that may be issuable pursuant to this Plan shall not exceed 20,653,269 Westleaf Common Shares. In addition, the aggregate number of Westleaf Common Shares that may be issuable pursuant to the Westleaf RSU Plan combined with all of Westleaf's other security based compensation arrangements, including Westleaf's Option Plan, shall not exceed 20% of the issued and outstanding Westleaf Common Shares.

The number of Westleaf Common Shares covered by a restricted award or to which a restricted award relates shall be counted on the date of grant of such restricted award against the aggregate number of Westleaf Common Shares available for granting restricted awards under the RSU Plan. If an outstanding restricted award for any reason expires or is terminated or cancelled without having been settled in full, the Westleaf Common Shares shall again be available for issuance under the RSU Plan. The Westleaf Board will reserve for issuance from time to time out of the authorized but unissued Westleaf Common Shares sufficient Westleaf Common Shares to provide for issuance of all Westleaf Common Shares which are issuable under all restricted awards. Fractional restricted awards are permitted under the RSU Plan.

The Compensation Committee may from time to time grant to any Eligible Person one or more restricted awards as the Compensation Committee deems appropriate. The date on which a restricted award will be deemed to have been granted under the Westleaf RSU Plan will be the date on which the Compensation Committee authorizes the grant of such restricted award or such other future date as may be specified by the Compensation Committee at the time of such authorization.

The number of Westleaf Common Shares that may be issued under any restricted award will be determined by the Compensation Committee, provided that:

(a) the number of Shares reserved for issuance to any one participant pursuant to the Westleaf RSU Plan combined with all of Westleaf's other security based arrangements, including Westleaf's Option Plan, within any one year period shall not, in aggregate, exceed 5% of the total number of issued and outstanding Westleaf Common Shares; and

(b) the number of Westleaf Common Shares:

i. issuable, at any time, to Participants that are Insiders; and

ii. issued to Participants that are "Insiders" within any one year period pursuant to the RSU Plan, or when combined with all of Westleaf's other security based compensation arrangements that provide for the issuance from treasury or potential issuance from treasury of Shares shall not, in aggregate, exceed 20% of the total number of the issued and outstanding Westleaf Common Shares.

"Insiders" in relation to Westleaf means: (i) a director or senior officer of Westleaf; (ii) a director or senior officer of a company that is an Insider or subsidiary of Westleaf; or (iii) a person that beneficially owns or controls, directly or indirectly, Westleaf Common Shares carrying more than 10% of the voting rights attached to all issued and outstanding Westleaf Common Shares.

Each restricted award will be evidenced by a written agreement, contract, or other instrument or document evidencing any restricted award granted under the Westleaf RSU Plan (the "**Award Agreement**") which incorporates such terms and conditions (including all vesting conditions) as the Compensation Committee in its discretion deems appropriate and consistent with the provisions of the Westleaf RSU Plan (and the execution and delivery by Westleaf of an Award Agreement with an Eligible Person shall be conclusive evidence that such Award Agreement incorporates terms and conditions determined by the Compensation Committee and is consistent with the provisions of the RSU Plan). Each Award Agreement will be executed by the Eligible Person to whom the restricted award is granted and on behalf of Westleaf by any member of the Compensation Committee or any officer of Westleaf or such other person as the Compensation Committee may designate for such purpose. Each Award

Agreement will provide that the restricted award granted thereunder is not transferable or assignable to anyone other than a permitted assign.

Restricted awards granted pursuant to the Westleaf RSU Plan shall vest no later than December 15 of the third year following the end of the "Service Year" in respect of each such restricted award. Where a restricted award is granted within the first half of a calendar year, the "Service Year" in respect of such restricted award shall be the immediately preceding year; and where a restricted award is granted within the second half of a calendar year, the Service Year in respect of such restricted award shall be the year of grant.

Restricted awards may be granted for no cash consideration. Restricted awards may, in the discretion of the Compensation Committee, be granted either alone or in addition to or in tandem with any award granted under any plan of Westleaf or any Affiliate. Restricted awards granted in addition to or in tandem with awards granted under any such other plan of Westleaf or any Affiliate may be granted either at the same time as or at a different time from the grant of such other awards.

All Westleaf Common Shares delivered pursuant to a restricted award shall be subject to such stop transfer orders and other restrictions as the Compensation Committee may deem advisable, applicable Canadian provincial or foreign securities laws and regulatory requirements, applicable Exchange policies and rules, and applicable Canadian corporate laws, and the Compensation Committee may direct appropriate stop transfer orders and cause other legends to be placed on the certificates for such Westleaf Common Shares to reflect such restrictions.

In the event of any Westleaf Share distribution, Westleaf Share split, combination or exchange of Westleaf Common Shares, merger, consolidation, spin-off, or other distribution of Westleaf's assets to the Westleaf Shareholders, or any other change affecting the Westleaf Common Shares, the restricted awards of each participant under the Westleaf RSU Plan and the restricted awards outstanding under the Westleaf RSU Plan shall be adjusted in such manner, if any, as the Compensation Committee may in its discretion deem appropriate to reflect the event. However, no amount will be paid to, or in respect of, a Participant under the Westleaf RSU Plan or pursuant to any other arrangement, and no additional restricted awards will be granted to such participant under the Westleaf RSU Plan to compensate for a downward fluctuation in the market price of the Westleaf Common Shares, nor will any other form of benefit be conferred upon, or in respect of a participant under the Westleaf RSU Plan for such purpose. The grant of any restricted awards under the Westleaf RSU Plan will in no way affect Westleaf's right to adjust, reclassify, reorganize, or otherwise change its capital or business structure or to merge, amalgamate, reorganize, consolidate, dissolve, liquidate, or sell or transfer all or any part of its business or assets or engage in any like transaction.

STOCK OPTION PLAN

Westleaf adopted the Westleaf Option Plan as of August 2, 2018. The purpose of the Westleaf Option Plan is to advance the interests of Westleaf by encouraging the directors, officers, employees, and consultants of Westleaf, and of its Subsidiaries and Affiliates, to acquire Westleaf Common Shares, thereby increasing their proprietary interest in Westleaf, encouraging them to remain associated with Westleaf and furnishing them with additional incentive in their efforts on behalf of Westleaf in the conduct of its affairs.

Administration of the Westleaf Option Plan

The purpose of the Westleaf Option Plan is to advance the interests of Westleaf by encouraging the directors, officers, employees, and consultants of Westleaf, and of its Subsidiaries and Affiliates, to acquire Westleaf Common Shares, thereby increasing their proprietary interest in Westleaf, encouraging them to remain associated with Westleaf and furnishing them with additional incentive in their efforts on behalf of Westleaf in the conduct of its affairs.

The Westleaf Option Plan shall be administered by the Westleaf Board or by a special committee of the directors appointed from time to time by the Westleaf Board pursuant to rules of procedure fixed by the Westleaf Board. A majority of the Westleaf Board shall constitute a quorum, and the acts of a majority of the directors present at any meeting at which a quorum is present, or acts unanimously approved in writing, shall be the acts of the directors.

Subject to the provisions of the Westleaf Option Plan, the Westleaf Board shall have authority to construe and interpret the Westleaf Option Plan and all option agreements entered into thereunder, to define the terms used in the Westleaf Option Plan and in all option agreements entered into thereunder, to prescribe, amend and rescind rules and regulations relating to the Westleaf Option Plan and to make all other determinations necessary or advisable for the administration of the Westleaf Option Plan. All determinations and interpretations made by the Westleaf Board shall be binding and conclusive on all participants in the Westleaf Option Plan and on their legal personal representatives and beneficiaries.

Each Westleaf Option granted under the Westleaf Option Plan may be evidenced by an agreement in writing, signed on behalf of Westleaf and by the optionee, in such form as the Westleaf Board shall approve.

All options granted pursuant to the Westleaf Option Plan shall be subject to rules and policies of the Exchange when the Westleaf Common Shares are listed and any other regulatory body having jurisdiction.

Shares Subject to the Westleaf Option Plan

The securities to be offered under the Westleaf Option Plan shall consist of authorized but unissued Westleaf Common Shares. The aggregate number of Westleaf Common Shares issuable upon the exercise of all options granted under the Westleaf Option Plan shall not exceed 20% of the issued and outstanding Westleaf Common Shares from time to time. If any option granted shall expire or terminate for any reason in accordance with the terms of the Westleaf Option Plan without being exercised, the unpurchased Westleaf Common Shares shall again be available for the purpose of the Westleaf Option Plan.

Eligibility and Participation in the Westleaf Option Plan

Directors, officers, consultants, and employees of Westleaf or its Subsidiaries, and employees of a person or company which provides management services to Westleaf or its Subsidiaries ("**Management Company Employees**") shall be eligible for selection to participate in the Westleaf Option Plan (such persons hereinafter collectively referred to as "**Participants**"). Subject to compliance with applicable requirements of the Exchange, Participants may elect to hold Westleaf Options granted to them in an incorporated entity wholly owned by them and such entity shall be bound by the Westleaf Option Plan in the same manner as if the Westleaf Options were held by the Participant.

The Westleaf Board shall determine to whom Westleaf Options shall be granted, the terms and provisions of the respective Westleaf Option agreements, the time or times at which such Westleaf Options shall be granted and vested, and the number of Westleaf Common Shares to be subject to each Westleaf Option. In the case of employees or consultants of Westleaf or Management Company Employees, the Westleaf Option agreements to which they are party must contain a representation of Westleaf that such employee, consultant or Management Company Employee, as the case may be, is a bona fide employee, consultant or Management Company Employee of Westleaf or its Subsidiaries.

A Participant who has been granted Westleaf Options may, if such Participant is otherwise eligible, and if permitted under the applicable policies of the Exchange, may be granted additional Westleaf Options if the Westleaf Board shall so determine.

Exercise Price

The exercise price of the Westleaf Common Shares subject to each Westleaf Option shall be determined by the Westleaf Board, subject to applicable stock exchange approval, at the time any Westleaf Option is granted. Once the exercise price has been determined by the Westleaf Board, accepted by a stock exchange, as applicable, and the Westleaf Option has been granted, the exercise price of a Westleaf Option may only be reduced if at least six (6) months have elapsed since the later of: (i) the date of the commencement of the term; (ii) the date of the exercise price was reduced; or (iii) in the cases where the Westleaf Common Shares are listed on the Exchange, the date the Westleaf Common Shares commenced trading on the Exchange.

Number of Optioned Westleaf Common Shares

The number of Westleaf Common Shares subject to an option granted to any one Participant shall be determined by the Westleaf Board, and if and when the Westleaf Shares are listed on the Exchange, no one Participant shall be granted a Westleaf Option which exceeds the maximum number permitted by the Exchange.

No single Participant may be granted options to purchase a number of Westleaf Common Shares equalling more than 5% of the issued Westleaf Common Shares in any twelve month period unless Westleaf has obtained disinterested Westleaf Shareholder approval in respect of such grant and meets applicable stock exchange requirements.

Westleaf Options shall not be granted if the exercise thereof would result in the issuance of more than 2% of the issued Westleaf Common Shares in any twelve month period to anyone consultant of Westleaf (or any of its Subsidiaries). Westleaf Options shall not be granted if the exercise thereof would result in the issuance of more than 2% of the issued Westleaf Common Shares in any twelve month period to persons employed to provide investor relation activities. Westleaf Options granted to consultants performing investor relations activities will contain vesting provisions such that vesting occurs over at least twelve (12) months with no more than one quarter (1/4) of the Westleaf Options vesting in any three (3) month period.

Duration of Westleaf Option

Each Westleaf Option and all rights thereunder shall be expressed to expire on the date set out in the Westleaf Option agreement and shall be subject to earlier termination, provided that in no circumstances shall the duration of a Westleaf Option exceed 10 years or the maximum term permitted by the Exchange when the Westleaf Common Shares are then listed.

If any Westleaf Options expire during a period when trading of the securities of Westleaf by certain persons as designated by Westleaf is prohibited (a "**Blackout Period**") or within ten (10) business days after the end of a Blackout Period, the term of those Westleaf Options will be extended to ten (10) business days after the end of the Blackout Period, unless such extension is prohibited by any applicable law or the applicable policies of the Exchange the Westleaf Common Shares are then listed on.

Option Period, Consideration and Payment

The Westleaf Option period shall be a period of time fixed by the Westleaf Board, which is not to exceed the maximum term permitted by the Exchange the Westleaf Common Shares are then listed on, if any, provided that the Westleaf Option period shall be reduced with respect to any Westleaf Option covering the cessation as a director, officer, consultant, employee or Management Company Employee of Westleaf or its Subsidiaries, or death of the Participant.

Subject to any vesting restrictions imposed by the Exchange which the Westleaf Common Shares are then listed on, if any, the Westleaf Board may, in its sole discretion, determine the time during which Westleaf Options shall vest and the method of vesting, or that no vesting restriction shall exist. Subject to any vesting restrictions imposed by the Westleaf Board, Westleaf Options may be exercised in whole or in part at any time and from time to time during the Westleaf Option period. If and when the Westleaf Common Shares are listed on the Exchange, and to the extent required by the Exchange, no Westleaf Options may be exercised under the Westleaf Option Plan until the Westleaf Option Plan has been approved by a resolution duly passed by the Westleaf Shareholders.

The exercise of any Westleaf Option will be contingent upon receipt by Westleaf at its head office of a written notice of exercise, specifying the number of Westleaf Common Shares with respect to which the Westleaf Option is being exercised, accompanied by cash payment, certified cheque, or bank draft for the full purchase price of such Westleaf Common Shares with respect to which the Westleaf Option is exercised. No Participant or his legal representatives, legatees or distributees will be, or will be deemed to be, a holder of any Westleaf Common Shares of Westleaf unless and until the certificates for Westleaf Common Shares issuable pursuant to Westleaf Options under the Westleaf Option Plan are issued to him or them under the terms of the Westleaf Option Plan.

As of the Filing Statement Date, 3,014,400 Westleaf Options have been issued.

CONSOLIDATED CAPITALIZATION

Consolidated Capitalization

The following table sets out the consolidated capitalization of Westleaf together with its wholly-owned subsidiaries as of the six month period ended June 30, 2018 and as at the Filing Statement Date.

Designation of Security	Amount Authorized	Amount Outstanding (As of June 30, 2018)	Amount Outstanding (As of the Date of the Filing Statement)
Westleaf Common Shares	Unlimited	54,963,000	82,330,353[(1)]
Westleaf Preferred Shares	Unlimited	0	0
Westleaf Options	N/A	0	3,014,400[(2)]
Westleaf Finder's Warrants	N/A	162,840	162,840[(3)]
Liquidity Warrants	N/A	24,963,000	24,963,000[(4)]
Westleaf Purchase Warrants	N/A	0	2,941,176[(5)]
Westleaf Performance Warrants	N/A	0	980,000[(6)]
Delta 9 Performance Warrants	N/A	0	250,000[(7)]
Westleaf RSUs	N/A	0	7,085,000[(8)]
Atlas Warrants	N/A	0	175,000
VIII Capital Warrants	N/A	0	204,705[(9)]

Note:

(1) It is anticipated that an additional 300,000 Westleaf Shares will be issued on the Closing Date pursuant to the agreement entered into between Westleaf and 1187959 B.C. Ltd.

(2) Each holder of Westleaf Options is entitled to purchase at any time until the tenth anniversary of the issue date, one whole Westleaf Common Share for every whole Westleaf Option, at a price of $0.50 per Westleaf Common Share.

(3) Each Westleaf Finder's Warrant entitles the holder to purchase one Westleaf Common Share at any time and from time to time until 4:00 p.m. (Calgary time) on March 29, 2020 on payment of $0.75 per Westleaf Common Share.

(4) The Liquidity Warrants will automatically terminate and be of no further force and effect upon the listing of the Resulting Issuer Shares on the TSXV.

(5) Each Westleaf Purchase Warrant entitles the holder to acquire one Westleaf Common Share at any time and from time to time until 4:00 p.m. on October 2, 2020, on payment of $1.30 per Westleaf Common Share.

(6) Each Westleaf Performance Warrant will entitle the holder thereof to acquire one Westleaf Common Share, at a price of $0.001 per Westleaf Common Share, at any time, until 4:30 p.m. on the second anniversary date of the issue date of such Westleaf Performance Warrant.

(7) Each Delta 9 Performance Warrant will entitle the holder thereof to acquire one Westleaf Common Share, at a price of $0.50 per Westleaf Common Share, at any time, until 4:30 p.m. on the second anniversary date of the issue date of such Delta 9 Performance Warrant.

(8) Each Westleaf RSU granted under the Westleaf RSU Plan shall be denominated or payable in shares and shall confer on the holder thereof the right to receive one share from treasury (subject to adjustment in accordance with the Westleaf RSU Plan). One-third of the Westleaf RSUs will vest (a) 1/3rd of the Westleaf RSUs will become vested on April 3, 2019; (b) 1/3rd of the Westleaf RSUs will become vested on April 3, 2020; (c) 1/3rd of the Westleaf RSUs will become vested April 3, 2021.

(9) Such warrants will not be issued until the Closing Date.

PRIOR SALES

Since the date of incorporation, and not including any Westleaf Common Shares issued pursuant, 82,330,353 Westleaf Common Shares have been issued, as described in the following table.

Date	Number of Westleaf Common Shares	Issue Price Per Westleaf Common Shares	Aggregate Issue Price	Consideration Received
February 22, 2018	30,000,000[(1)]	<$0.01	$10,000	Cash
March 13, 2018	3,600,000[(2)]	$0.50	$1,800,000	Cash
March 29, 2018	15,863,000[(2)]	$0.50	$7,931,500	Cash
April 13, 2018	5,290,000[(2)]	$0.50	$2,645,000	Cash
April 16, 2018	210,000[(2)]	$0.50	$105,000	Cash
July 23, 2018	16,000,000[(3)]	$0.50	$8,000,000	Cash
September 28, 2018	5,485,000[(4)]	$0.50	$2,742,500	Cash
October 2, 2018	5,882,353[(5)]	$0.85	$5,000,000	Cash

Notes:

(1) A total of 200,000 Westleaf Common Shares were issued to the founders of Westleaf upon incorporation. On February 22, 2018, Westleaf authorized a share split on the basis of 150 post-split Westleaf Common Shares for every one pre-split Westleaf Common Share pursuant to the ABCA.

(2) Westleaf completed private placements of Westleaf Units, which closed in 4 tranches, namely March 13, 2018, March 29, 2018, April 13, 2018, and April 16, 2018, for a total of 24,963,000 Westleaf Units at a price of $0.50 per Westleaf Unit for aggregate proceeds of $12,481,500. See *"Part II – Information Concerning Westleaf – General Development of the Business"*.

(3) On July 23, 2018, Westleaf completed a non-brokered private placement with an affiliate of Thunderchild for 16 million Westleaf Common Shares at $0.50 per Westleaf Common Share for gross proceeds of $8 million. See "*Part II – Information Concerning Westleaf – General Development of the Business*".

(4) On September 28, 2018, Westleaf completed a non-brokered private placement for 5,485,000 Westleaf Common Shares at $0.50 per Westleaf Common Share for gross proceeds of $2,742,500. See "*Part II – Information Concerning Westleaf – General Development of the Business*".

(5) Westleaf completed private placements of units, on October 2, 2018, for a total of 5,882,353 units of Westleaf at a price of $0.85 per unit for aggregate proceeds of $5,000,000. Each unit consisted of one Westleaf Common Share and one-half of one common share purchase warrant, resulting in 2,941,176 Purchase Warrants outstanding. See "*Part II – Information Concerning Westleaf – General Development of the Business*".

Stock Exchange Price

The securities of Westleaf are not listed for public trading.

EXECUTIVE COMPENSATION

At no time prior to the Filing Statement Date was Westleaf a reporting issuer under applicable Canadian securities laws. Notwithstanding this, the following disclosure of executive compensation is made in accordance with the requirements of NI 51-102 for the named executive officers ("**NEOs**") of Westleaf for fees earned for the period from August 22, 2017, (the date of incorporation of Westleaf) to December 31, 2017. The following disclosure reflects all compensation paid to the NEOs of Westleaf for the period referenced, in respect of services provided to Westleaf on a consolidated basis.

Compensation Discussion and Analysis

The Westleaf Compensation Committee is responsible for setting the overall compensation strategy of Westleaf and administering Westleaf's executive compensation program with input from the Chief Executive Officer of Westleaf in respect of all executive officers other than the Chief Executive Officer. As part of its mandate, the Westleaf Compensation Committee approves the remuneration of Westleaf's executive officers, including the Named Executive Officers of Westleaf. The NEOs of Westleaf for the year ended December 31, 2017, are the President and Chief Executive Officer, the Chief Financial Officer, the Executive Chairman, and the Executive Vice President. The Westleaf Compensation Committee is also responsible for reviewing Westleaf's compensation policies and guidelines generally.

The objective of Westleaf's executive compensation program is to motivate, reward, and retain management talent that is needed to achieve Westleaf's business objectives. The compensation program is designed to ensure that compensation is competitive with other companies of similar size and is commensurate with the experience, performance, and contribution of the individuals involved and the overall performance of Westleaf. In evaluating performance, consideration is given to Westleaf's long-term interests and quantitative financial objectives, as well to the qualitative aspects of the individual's performance and achievements.

Compensation for directors of Westleaf, if any, is also determined by the Westleaf Compensation Committee on an annual basis.

Risks of Compensation Policies and Practices

Westleaf's compensation program is designed to provide executive officers incentives for the achievement of near-term and long-term objectives, without motivating them to take unnecessary risk. As part of its review and discussion of executive compensation, the Westleaf Compensation Committee noted the following facts that discourage Westleaf's executives from taking unnecessary or excessive risk:

- Westleaf's operating strategy and related compensation philosophy;
- the effective balance, in each case, between cash and equity mix, near-term and long-term focus, corporate and individual performance, and financial and non-financial performance; and
- Westleaf's approach to performance evaluation and compensation provides greater rewards to an executive officer achieving both short-term and long-term agreed upon objectives.

Based on this review, the Westleaf Compensation Committee believes that Westleaf's total executive compensation program does not encourage executive officers to take unnecessary or excessive risk.

Elements of Compensation

The executive compensation program is comprised of three principal components: (i) base salaries; (ii) bonuses, and (iii) a stock option plan which are designed to provide a combination of cash and equity-based compensation to effectively retain and motivate the executive officers to achieve Westleaf's goals and objectives. Each component of the executive compensation program is described below.

Base Salaries

Executive officers are paid a base salary to compensate them for providing the leadership and specific skills needed to fulfill their responsibilities. The payment of base salaries is an important component of Westleaf's compensation program and serves to attract and retain qualified individuals. The base salaries for the executive officers are reviewed annually by the Westleaf Compensation Committee and are determined by considering the contributions made by the executive officers, how their compensation levels related to compensation packages that would be achievable by such officers from other opportunities, and publicly available salary data. Salaries of the executive officers are not determined based on benchmarks or a specific formula.

Bonuses

The Westleaf Compensation Committee may from time to time approve bonus payments to reward executive officers for their contribution to the achievement of annual corporate goals and objectives. Bonuses also serve as a retention incentive for executive officers so that they remain in the employ of Westleaf. The payment of bonuses is consistent with the overall objective of Westleaf to reward performance.

Performance Warrants, Restricted Share Units, and Westleaf Options

See "*Part II – Information Concerning Westleaf – Description of Securities*".

Compensation Governance

On June 22, 2018, the Westleaf Board approved the mandate for the Westleaf Compensation Committee.

The Westleaf Compensation Committee is comprised of Kareen Stangherlin and Robb McNaughton. The skills and experience of each Westleaf Compensation Committee member in executive compensation that is relevant to his or her responsibilities and the making of decisions on the suitability of Westleaf's compensation policies and practices is as follows:

Member	**Independent**	**Skills and Experience**
Kareen Stangherlin (Chair)	Yes	Ms. Stangherlin has over two decades of senior financial, strategic and operational experience with a proven track record of driving critical growth in entrepreneurial investment firms. She is a Board Member of the $16B Alberta Teachers Retirement Fund (ATRF), the Chair of the Audit and Finance Committee of ATRF, and a Member of the Advocacy Council for CFA Societies Canada, in addition to her role as CEO of Zelos Capital Ltd. Ms. Stangherlin is a Chartered Professional Accountant, a Chartered Financial Analyst and a Certified Financial Planner, with an Accounting degree from the Haskayne School of Business and an ICD. D designation from the Institute of Corporate Directors.
Robb McNaughton	Yes	Robb is a partner at Border Ladner Gervais law firm in the Securities and Capital Markets Group and has advised on more than 60 private placements for private and public corporations. Robb is a national leader in public listings, including via capital pool companies and is a member of the TSX Venture Exchange Local Advisory Committee (Alberta). Robb has sat on multiple public and private boards of directors that include industrial, mining and oil and gas issuers.

The Westleaf Compensation Committee reviews succession plans for key management positions within Westleaf, human resources policies and plans and the performance and development of the Chief Executive Officer. The Westleaf Compensation Committee also reviews and recommends the compensation philosophy, guidelines, and plans for Westleaf's employees and executives. In consultation with the Chief Executive Officer, it also approves Westleaf's compensation plans, including stock options, incentives, bonuses, and benefit plans, for the executive team including the Chief Executive Officer.

Summary Compensation Table

The following table sets forth information concerning the total compensation during the Corporation's most recently completed financial year for the executive officers and directors of Westleaf.

Table of Compensation Excluding Compensation Securities							
Name and principal position[(1)]	**Year**	**Salary, consulting fee, retainer or commission ($)**	**Bonus ($)**	**Committee or meeting fees($)[(2)]**	**Value of perquisites ($)[(3)]**	**Value of all other compensation ($)**	**Total compensation ($)**
Scott Hurd[(1)] President, Chief Executive Officer, and Director	2017	Nil	Nil	Nil	Nil	Nil	Nil
Taylor Ethans[(2)] Chief Financial Officer and Director	2017	14,655	Nil	Nil	Nil	Nil	14,655
Stephen Mason[(3)] Executive Chairman and Director	2017	Nil	Nil	Nil	Nil	Nil	Nil
Pat Whelan[(4)] Executive Vice President and Director	2017	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

(1) Mr. Hurd was appointed to Westleaf Board on August 22, 2017.
(2) Mr. Ethans was appointed to Westleaf Board on August 22, 2017 and resigned from the Westleaf Board on September 5, 2018. Mr. Ethans remains the Chief Financial Officer of Westleaf.
(3) Mr. Mason was appointed to the Westleaf Board on November 13, 2017.
(4) Mr. Whelan was appointed to the Westleaf Board on November 13, 2017. Mr. Whelan resigned from the Westleaf Board on September 5, 2018 and remains Executive Vice President of Westleaf.

No exercise of compensation securities by an executive officer or director of Westleaf occurred during the most recently completed financial year.

Stock Option Plan and Other Incentive Plans

Westleaf has adopted the Westleaf Option Plan, which provides that the Westleaf Board may from time to time, in its discretion, and in accordance with Exchange requirements, grant to directors, officers, employees and consultants of Westleaf or its Subsidiaries, and employees of a person or company which provides management services to Westleaf or its Subsidiaries, non-transferable Westleaf Options to purchase Westleaf Common Shares. The aggregate number of Westleaf Common Shares issuable upon the exercise of all options granted under the Westleaf Option Plan shall not exceed 20% of the issued and outstanding Westleaf Common Shares from time to time. If any option granted shall expire or terminate for any reason in accordance with the terms of the Westleaf Option Plan without being exercised, the unpurchased Westleaf Common Shares shall again be available for the purpose of the Westleaf Option Plan.

This proprietary interest in Westleaf provides an incentive to contribute to the future success and prosperity of Westleaf, thus enhancing the value of the Westleaf Common Shares for the benefit of all shareholders and increasing the ability of Westleaf to attract and retain persons of experience by aligning the interests of executives and employees with the growth and profitability of Westleaf. The longer-term focus of the Westleaf Option Plan complements and balances the short-term elements of the compensation program of Westleaf. See "*Part II – Information Concerning Westleaf – Stock Option Plan"*.

As of the date hereof 3,014,400 Westleaf Options have been issued to date.

Westleaf has also adopted the Performance Warrants and Restricted Unit Plan. See "*Part II – Information Concerning Westleaf – Description of Securities*".

Employment, Consulting and Management Agreements

Scott Hurd, President & Chief Executive Officer, Director

Mr. Hurd co-founded Westleaf in August 2017 with three other individuals. Under the terms of his employment contract, Mr. Hurd is entitled to an annual base salary of C$150,000. Mr. Hurd's salary will be reviewed annually, and he may be eligible under the terms of his employment contract for a discretionary annual cash bonus and he may also be eligible to receive additional equity-based compensation.

Mr. Hurd's employment contract provides for the payment of severance in the event of termination without cause in the following manner: eighteen (18) months of Mr. Hurd's monthly base salary, plus an additional 10% for lost benefits, less applicable statutory deductions.

Mr. Hurd's employment contract provides the right for a period of six (6) months following any event causing a Change of Control, for Mr. Hurd to elect to terminate his agreement with Westleaf by providing written notice. In such event Mr. Hurd shall be entitled to receive the change of control payment in the form of a lump sum payment equal to eighteen (18) months of Mr. Hurd's monthly base salary, plus an additional 10% for lost benefits, less applicable statutory deductions.

Taylor Ethans, Chief Financial Officer, Head of M&A, and Corporate Secretary

Mr. Ethans co-founded Westleaf in August 2017 with three other individuals. Under the terms of his employment contract, Mr. Ethans is entitled to an annual base salary of C$145,000. Mr. Ethans' salary will be reviewed annually, and he may be eligible under the terms of his employment contract for a discretionary annual cash bonus and he may also be eligible to receive additional equity-based compensation.

Mr. Ethans' employment contract provides for the payment of severance in the event of termination without cause in the following manner: eighteen (18) months of Mr. Ethans' monthly base salary, plus an additional 10% for lost benefits, less applicable statutory deductions.

Mr. Ethans' employment contract provides the right for a period of six (6) months following any event causing a Change of Control, for Mr. Ethans to elect to terminate his agreement with Westleaf by providing written notice. In such event Mr. Ethans shall be entitled to receive the change of control payment in the form of a lump sum payment equal to eighteen (18) months of Mr. Ethans' monthly base salary, plus an additional 10% for lost benefits, less applicable statutory deductions.

Shon Williams, Chief Development Officer, Westleaf International Inc.

Under the terms of his employment contract, Mr. Williams is entitled to an annual salary of C$165,000. Mr. Williams' salary will be reviewed annually, and he may be eligible under the terms of his employment contract for a discretionary annual cash bonus and he may also be eligible to receive additional equity-based compensation.

Mr. Williams' employment contract provides for the payment of severance in the event of termination without cause in the following manner: six (6) months of Mr. Williams' monthly base salary, plus an additional 10% for lost benefits, less applicable statutory deductions.

Mr. Williams' employment contract provides the right for a period of six (6) months following any event causing a Change of Control, for Mr. Williams to elect to terminate his agreement with Westleaf by providing written notice. In such event Mr. Williams shall be entitled to receive the change of control payment in the form of a lump sum payment equal to six (6) months of Mr. Williams' monthly base salary, plus an additional 10% for lost benefits, less applicable statutory deductions.

Ben Kaanta, Chief Operating Officer, Westleaf International Inc.

Under the terms of his employment contract, Mr. Kaanta is entitled to an annual salary of C$165,000. Mr. Kaanta's salary will be reviewed annually, and he may be eligible under the terms of his employment contract for a discretionary annual cash bonus and he may also be eligible to receive additional equity-based compensation.

Mr. Kaanta's employment contract provides for the payment of severance in the event of termination without cause in the following manner: six (6) months of Mr. Kaanta's monthly base salary, plus an additional 10% for lost benefits, less applicable statutory deductions.

Mr. Kaanta's employment contract provides the right for a period of six (6) months following any event causing a Change of Control, for Mr. Kaanta to elect to terminate his agreement with Westleaf by providing written notice. In such event Mr. Kaanta shall be entitled to receive the change of control payment in the form of a lump sum payment equal to six (6) months of Mr. Kaanta's monthly base salary, plus an additional 10% for lost benefits, less applicable statutory deductions.

Christian Monson, Chief Legal Officer & Vice President of Strategy, Westleaf International Inc.

Under the terms of his employment contract, Mr. Monson is entitled to an annual salary of C$165,000. Mr. Monson's salary will be reviewed annually, and he may be eligible under the terms of his employment contract for a discretionary annual cash bonus and he may also be eligible to receive additional equity-based compensation.

Mr. Monson's employment contract provides for the payment of severance in the event of termination without cause in the following manner: six (6) months of Mr. Monson's monthly base salary, plus an additional 10% for lost benefits, less applicable statutory deductions.

Mr. Monson's employment contract provides the right for a period of six (6) months following any event causing a Change of Control, for Mr. Monson to elect to terminate his agreement with Westleaf by providing written notice. In such event Mr. Monson shall be entitled to receive the change of control payment in the form of a lump sum payment equal to six (6) months of Mr. Monson's monthly base salary, plus an additional 10% for lost benefits, less applicable statutory deductions.

Pat Whelan, Executive Vice President

Mr. Whelan co-founded Westleaf in August 2017 with three other individuals. Under the terms of his independent contractor agreement, Mr. Whelan is entitled to an annual base salary of C$100,000. Mr. Whelan's contract will be reviewed semi-annually and, thirty (30) days prior to the end of each six (6) month term, the parties may negotiate an extension of the term. Mr. Whelan may be eligible under the terms of his agreement to receive additional equity-based compensation.

Pension Disclosure

Westleaf does not have a pension plan or any other plan that provides for payments or benefits at, following or in connection with retirement and is not currently providing a pension to any directors of Westleaf or NEOs. Westleaf does not have a deferred compensation plan.

Equity Compensation Plan Information

The following table provides details as at the end of the year ended December 31, 2017 with respect to all compensation plans of the Corporation under which equity securities of the Corporation are authorized for issuance:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected herein)
Equity compensation plans approved by securityholders[(1)(2)]	Nil	Nil	Nil
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
Total	Nil	Nil	Nil

Notes:

(1) See description of the Westleaf Option Plan above.

(2) As at the date hereof, the Westleaf Option Plan is a fixed 20% stock option plan, so this number will increase as the number of shares available for issuance is determined at the date of the option grant based on the number of issued and outstanding shares at that date. As at the date hereof, no Westleaf Options are outstanding.

NON-ARM'S LENGTH PARTY TRANSACTIONS

Other than the items described below, to the knowledge of management of Westleaf there have been no acquisition of assets or services or provisions of assets or services in any transaction between the date of incorporation (August 22, 2017) to the date of this Filing Statement:

1. Legal services have been provided by Borden Ladner Gervais LLP at which Robb McNaughton, a director of Westleaf, is a Partner.

2. For the year ended December 31, 2017, Westleaf's subsidiary, Westleaf Cultivation Management I Inc. paid $14,655 to PEG Capital Corp. for services rendered pursuant to project management and consulting. PEG Capital Corp. is owned by Taylor Ethans.

3. Westleaf shareholders provided a working capital injection of approximately $140,000 to Westleaf as a non-interest bearing short-term loan. The amount was repaid in full to the shareholders subsequent to December 31, 2017, year end.

4. As at June 30, 2018, receivable amounts of $8,000 for reimbursements owned by officers of the Company were sitting in the other accounts receivable balance.

LEGAL PROCEEDINGS

Neither Westleaf nor its Subsidiaries, are a party, nor are any of their property the subject matter, of any legal proceedings, nor are any such proceedings known to Westleaf or its Subsidiaries to be contemplated by any party which are material to its business.

AUDITOR

The auditor of Westleaf is MNP LLP at their Calgary office located at 1500, 640 – 5th Avenue SW, Calgary, Alberta, T2P 3G4.

MATERIAL CONTRACTS

Westleaf has not entered into any material contracts which remain outstanding as of the date of this Filing Statement, except in the ordinary course of business, other than:

1. the Amalgamation Agreement; and

2. a limited partnership agreement with Delta West Inc. as general partner and Delta 9 Cannabis Inc. and Westleaf as limited partners.

Copies of these contracts may be inspected without charge for a period of thirty days after the Filing Statement Date at the offices of Borden Ladner Gervais LLP, 1900, 520 – 3rd Avenue SW, Calgary, Alberta, T2P 0R3 during ordinary business hours.

PART III. INFORMATION CONCERNING THE TRANSACTION

Summary of the Proposed Transaction

The Transaction will occur pursuant to the Amalgamation Agreement. The Proposed Transaction is subject to, among other things, TSXV approval. Following Closing of the Amalgamation, all of the property and assets of Westleaf and IGC SubCo will become the property and assets of Amalco and Amalco will be liable for all of the liabilities and obligations of Westleaf and IGC SubCo. Amalco will be a wholly-owned Subsidiary of IGC. Following Completion of the Proposed Transaction, the Resulting Issuer will carry on the business currently carried on by Westleaf.

Material Aspects of the Proposed Transaction

The following is a summary of the material terms of the Amalgamation Agreement. This summary does not purport to be a complete summary of the Amalgamation Agreement and it is qualified in its entirety by reference to the full text of the Amalgamation Agreement, a copy of which is available for review under IGC's SEDAR profile at www.sedar.com.

Pursuant to the Amalgamation Agreement, IGC, IGC SubCo, and Westleaf propose to combine the business and assets of Westleaf and IGC by way of a statutory amalgamation under the ABCA between Westleaf and IGC SubCo to create Amalco, and upon completion of the Transaction, Amalco shall be a wholly-owned subsidiary of the Resulting Issuer.

Under the terms of the Amalgamation Agreement: (i) Westleaf and IGC Subco will amalgamate under the ABCA; (ii) all outstanding Westleaf Options will become exercisable for an equivalent number of Resulting Issuer Shares in accordance with their terms; (iii) all outstanding Westleaf RSUs issuable pursuant to Westleaf's RSU Plan, if any, will be cancelled and replaced with an equivalent number of restricted share units of IGC; (iv) all outstanding Westleaf Common Share purchase warrants will become exercisable for an equivalent number of Resulting Issuer Shares in accordance with their terms; (v) all outstanding Westleaf Performance Warrants, if any, will become exercisable for an equivalent number of Resulting Issuer Shares in accordance with their terms; (vi) each Westleaf Common Share will be cancelled and replaced by one fully paid and non-assessable Resulting Issuer Share; (vii) each issued and outstanding IGC SubCo Share will be cancelled and replaced by a common share of Amalco; and (viii) as consideration for the issuance of the IGC Shares to effect the Proposed Transaction, Amalco will issue to IGC one common share of Amalco for each IGC Share issued to the previous holders of Westleaf Common Shares.

Upon completion of the Proposed Transaction, the Resulting Issuer will change its name to "Westleaf Inc.", or such other name as the directors of the Resulting Issuer may determine.

It is estimated that there will be an aggregate of approximately 85,975,699 Resulting Issuer Shares issued and outstanding immediately following completion of the Proposed Transaction (excluding Resulting Issuer Shares issued in exchange for Subscription Receipts issued under the Concurrent Financing) resulting in: (i) current holders of IGC Shares holding approximately 3,645,346 (4.24%) Resulting Issuer Shares; and (ii) current holders of Westleaf Common Shares holding approximately 82,330,353 (95.76%) Resulting Issuer Shares. Each Resulting Issuer Share issued to the holders of Westleaf Common Shares shall be issued at a deemed price of $0.54 per Resulting Issuer Share for aggregate consideration of approximately $44,458,390.

The Amalgamation Agreement may be terminated: (i) by mutual written consent of IGC, IGC SubCo, and Westleaf; (ii) by either IGC, IGC SubCo, or Westleaf if any of the conditions precedent set out in the Amalgamation Agreement is not satisfied; or (c) if the Closing Date does not occur by December 31, 2018.

The Amalgamation Agreement may, at any time on or before the Closing Date, be amended by mutual agreement between IGC, IGC SubCo, and Westleaf. The Amalgamation Agreement may not be amended except by an instrument in writing signed by the appropriate officers on behalf of each of the parties to the Amalgamation Agreement.

IGC Share Consolidation, IGC Name Change, and IGC Continuance

On or prior to the Closing Date, IGC shall complete the Consolidation of the IGC Shares on the basis of one post-Consolidation IGC Share for every 2.9233 pre-Consolidation IGC Shares resulting in 3,645,346 IGC Shares being issued and outstanding and an additional 2,736,633 IGC Shares being reserved for issuance upon the exercise of IGC Warrants.

On or prior to the Closing Date, IGC shall continue from a corporation under the *Business Corporations Act* (British Columbia) to a corporation under the ABCA and immediately prior to Closing, IGC shall amend its articles pursuant to which IGC will change its name to "Westleaf Inc." or such other name as may be agreed to by IGC and Westleaf.

Pursuant to the Amalgamation Agreement, all Resulting Issuer Shares received by Westleaf Shareholders in exchange for their Westleaf Common Shares will be subject to a hold period of four months and a day from the Closing Date, during which time the holder of such Resulting Issuer Shares may not trade the Resulting Issuer Shares and the certificates representing such Resulting Issuer Shares will bear a legend indicated that the resale of such securities is so restricted.

Concurrent Financing

In conjunction with the Proposed Transaction, Westleaf has entered into an engagement agreement with IGC, and Canaccord Genuity Corp., as lead agent, on behalf of the Agents in connection with a brokered private placement for a minimum of 17,648,000 Subscription Receipts at a price of $0.85 per Subscription Receipt to raise, on a commercially reasonable efforts basis, gross proceeds of a minimum $15,000,800 pursuant to the Offering. IGC has also granted the Agents the Over-Allotment Option, to place up to an additional 2,647,200 Subscription Receipts under the Offering at a price of $0.85 per Subscription Receipt, exercisable at any time, up to 48 hours prior to closing of the Concurrent Financing.

Each Subscription Receipt will be automatically exchanged, upon satisfaction of certain escrow release conditions, into one Unit of IGC. Each Unit shall consist of one post-Consolidation Resulting Issuer Share and one-half of one Warrant. Each Warrant shall be exercisable to acquire one Warrant Share for a period of 24 months from closing of the Offering at an exercise price of $1.30 per Warrant, subject to adjustment in certain events. If the escrow release conditions are not met on or before December 31, 2018, all funds will be returned to the subscribers without deduction and the Subscription Receipts will be cancelled. The Offering is expected to close on December 4, 2018.

If at any time after the date of expiry or waiver of the Hold Period, the ten (10) trading day volume weighted average trading price of the Resulting Issuer Shares on any public stock exchange exceeds $1.80, then the Resulting Issuer may give notice within five (5) trading days immediately following such ten (10) trading day period to the Warrant holder: (i) setting forth the calculation of the volume weighted average trading price of the Resulting Issuer Shares for the purposes of such notice; and (ii) stating that if the Warrants are not exercised by 4:00 pm (Calgary time) on the date specified by the Resulting Issuer in such notice as the Accelerated Expiry Date, which Accelerated Expiry Date shall be not less than ten (10) days after the date of the Acceleration Notice, then the Warrants shall expire and be of no further force and effect.

The Resulting Issuer Shares issued in exchange for the Subscription Receipts, the Warrants, the VIII Capital Warrants, the Resulting Issuer Shares issuable on exercise of the VIII Capital Warrants, the Warrant Shares, the Broker Warrants, and the Resulting Issuer Shares issuable on the exercise of the Broker Warrants shall have a four-month hold period from the closing of the Proposed Transaction.

The Agents will receive a cash commission equal to 6% of the gross proceeds from the Offering and such number of Broker Warrants equal to 6% of the number of Subscription Receipts issued under the Offering. Each Broker Warrant shall entitle the holder thereof to acquire one Resulting Issuer Share at an exercise price of $0.85 for a period of 24 months following the closing of the Offering.

In connection with the Concurrent Financing, on the Closing Date, Eight Capital will receive a cash commission equal to 6% of the gross proceeds from the Offering identified by Eight Capital, up to a maximum of $174,000 and such number of VIII Capital Warrants equal to 6% of the number of Subscription Receipts issued under the Offering as a result of Eight Capital's efforts, up to a maximum of 204,705 warrants. Each VIII Capital Warrant shall entitle

Eight Capital to acquire one Resulting Issuer Share at an exercise price of $0.85 for a period of 24 months following the closing of the Offering.

In consideration for services provided in connection with the Concurrent Financing, on the Closing Date, 1187959 B.C. Ltd. will receive 300,000 Westleaf Shares.

The net proceeds from the Offering are intended to be used by the Resulting Issuer for expansion of its retail operations and general corporate purposes.

The closing of the Concurrent Financing is conditional upon, among other things, the receipt of all necessary corporate and regulatory approvals.

Shareholder Meetings

In connection with the Proposed Transaction, it is expected that IGC will hold the IGC Shareholder's Meeting to, among other items of business, approve resolutions to: (i) consolidate the issued and outstanding IGC Shares on the basis of one post-Consolidation IGC Share for every 2.9233 pre-Consolidation IGC Shares; (ii) approve a 20% fixed restricted share unit plan and 20% fixed stock option plan for IGC; (iii) fix the number of directors at six; and (iv) elect the directors of IGC for the ensuing year.

Effects of the Amalgamation

Resulting Issuer Shares

The Resulting Issuer will be authorized to issue an unlimited number of Resulting Issuer Shares without nominal or par value of which, as at the date hereof, it is expected there will be 85,975,699 Resulting Issuer Shares issued and outstanding as fully paid and non-assessable upon Completion of the Transaction (excluding those securities issued in connection with the Concurrent Financing). The holders of Resulting Issuer Shares will be entitled to dividends, if, as and when declared by the board of directors, subject to the prior rights of any other class of shares of the Resulting Issuer. Holders of Resulting Issuer Shares will also be entitled to receive notice of, to attend and to one vote per share at meetings of the shareholders of the Resulting Issuer and, upon dissolution, to share equally in such assets of the Resulting Issuer as are distributable to the holders of Resulting Issuer Shares subject to the rights, privileges, restrictions, and conditions attaching to any other class of shares of the Resulting Issuer. All Resulting Issuer Shares outstanding after Completion of the Transaction will be fully paid and non-assessable.

Resulting Issuer Preferred Shares

The Resulting Issuer will be authorized to issue an unlimited number of non-voting preferred shares (the "**Resulting Issuer Preferred Shares**") without nominal or par value. The Resulting Issuer Preferred Shares may be issued from time to time in one or more series, each consisting of a number of Resulting Issuer Preferred Shares as determined by the board of directors of the Resulting Issuer which also may fix the designations, rights, privileges, restrictions, and conditions attaching to the shares of each series of the Resulting Issuer Preferred Shares. It is anticipated that there will be no Resulting Issuer Preferred Shares issued and outstanding upon Completion of the Transaction. The Resulting Issuer Preferred Shares of each series shall, with respect to payment of dividends and distribution of assets in the event of voluntary or involuntary liquidation, dissolution, or winding-up of the Resulting Issuer or any other distribution of the assets of the Resulting Issuer among its shareholders for the purpose of winding-up its affairs, rank on a parity with the Resulting Issuer Preferred Shares of every other series and shall be entitled to preference over the Resulting Issuer Shares and the shares of any other class ranking junior to the Resulting Issuer Preferred Shares. The holders of Resulting Issuer Preferred Shares will not be entitled to receive notice of, attend or vote at any meetings of the shareholders of the Resulting Issuer.

Resulting Issuer Replacement Warrants

In connection with the Transaction, it is expected that the Resulting Issuer will issue Resulting Issuer Replacement Warrants to holders of share purchase warrants of Westleaf. It is estimated that upon Completion of the Transaction, 2,941,176 Resulting Issuer Shares will be reserved for issuance upon exercise of the Resulting Issuer Replacement Warrants, 250,000 Resulting Issuer Shares will be reserved for issuance upon exercise Resulting Issuer Delta 9

Warrants, 980,000 Resulting Issuer Shares will be reserved for issuance upon exercise Resulting Issuer Performance Warrants and 162,840 Resulting Shares will be reserved for issuance upon exercise of Issuer Finder's Warrants. Upon Completion of the Transaction, it is expected there will be 2,736,633 Resulting Issuer Warrants in place of the IGC Warrants.

Resulting Issuer RSUs

In connection with the Transaction, it is expected that the Resulting Issuer will issue 7,085,000 Resulting Issuer RSUs to holders of Westleaf RSUs. Upon Completion of the Transaction, there will be no Resulting Issuer RSUs in place of the IGC Restricted Share Units issued to the directors and officers of IGC.

Resulting Issuer Options

In connection with the Transaction, it is expected that the Resulting Issuer will issue 3,014,400 Resulting Issuer Options to holders of Westleaf Options.

The Amalgamation Agreement

The Amalgamation Agreement contains covenants, representations, and warranties of and from each of Westleaf and IGC and various conditions precedent, both mutual and with respect to each party. The following is a summary of certain material provisions of the Amalgamation Agreement and is qualified in its entirety by reference to the full text of the Amalgamation Agreement. Westleaf Shareholders are encouraged to read the Amalgamation Agreement in its entirety.

Mutual Covenants Regarding the Amalgamation

IGC and Westleaf have each given, in favour of the other party, usual and customary mutual covenants for an agreement in the nature of the Amalgamation Agreement including mutual covenants to conduct their respective businesses in the usual and ordinary course of business consistent with past practices, to use their respective reasonable commercial efforts to satisfy or cause the satisfaction of the conditions precedent to their respective obligations under the Amalgamation Agreement and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under Applicable Laws to complete the Amalgamation.

Representations and Warranties

Each of IGC and Westleaf made certain customary representations and warranties related to, among others: (a) its due organization and qualification to carry on business; (b) its corporate power and authority to enter into the Amalgamation Agreement and carry out its obligations thereunder; (c) the due authorization for the execution and delivery of the Amalgamation Agreement; and (d) that neither the execution and delivery of the Amalgamation Agreement, the consummation by it of the transactions contemplated thereby nor compliance with any of the provisions thereof will, among other things, violate, conflict with, or result in the breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, or result in a creation of any encumbrance on any of its properties or assets under, any of the terms, conditions, or provisions of its organizational documents instruments or obligations to which it is a party or by which its properties or assets may be subject or by which it is bound (subject to obtaining the consent of their respective lenders) or violate any judgment, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule, or regulation applicable to it. In addition, IGC and Westleaf have each made certain representations and warranties particular to each of such party. The representations and warranties are, in some cases, subject to specified exceptions and qualifications.

Agreement to Amalgamate

Each party to the Amalgamation Agreement agrees, that soon as reasonably commercially practicable after October 4, 2018, or at such other time as indicated in the Amalgamation Agreement, and subject to the terms and conditions of the Amalgamation Agreement and subject to the approval of the Exchange, it shall take the following steps indicated for it:

(a) Westleaf and IGC SubCo agree to amalgamate by way of statutory amalgamation under the ABCA on the terms and subject to the conditions contained in the Amalgamation Agreement and IGC and IGC SubCo (together the "**IGC Parties**") covenant and agree to issue the securities required to be issued in connection with the Transaction;

(b) on or prior to the Closing Date, IGC shall complete the IGC Share Consolidation, the IGC Continuance, and the IGC Name Change;

(c) immediately prior to the Closing Time, if the Concurrent Financing consists of the issuance of Subscription Receipts, pursuant to a Subscription Receipt Agreement, all of the issued and outstanding Subscription Receipts will be converted to Westleaf Common Shares in accordance with their terms;

(d) as soon as practicable after the Closing Date, in accordance with normal commercial practice, IGC shall issue certificates representing the appropriate number of securities required to be issued in connection with the Transaction; and

(e) the Parties shall take any other action and do anything, including the execution of any other agreements, documents, or instruments, that are necessary or useful to give effect to the Transaction.

Securities Exchange and Related Matters

The Parties shall cause the Notice of Articles to be filed to effect the Amalgamation. On the Amalgamation:

(a) Westleaf and IGC SubCo will amalgamate and continue as Amalco;

(b) at the Closing Time, each outstanding Westleaf Option, if any, shall be exercisable for Resulting Issuer Shares in accordance with their terms at the Exchange Ratio;

(c) at the Closing Time, all of the outstanding Westleaf RSUs, if any, shall be cancelled and the Westleaf RSU holders shall be issued Replacement RSUs in accordance with the Exchange Ratio;

(d) at the Closing Time, each outstanding Westleaf Finder's Warrant, Purchaser Warrant, Delta 9 Performance Warrant, and Westleaf Purchase Warrant, if any, shall be exercisable for Resulting Issuer Shares in accordance with their terms at the Exchange Ratio, as defined herein;

(e) at the Closing Time, each outstanding Westleaf Performance Warrant, if any, shall be exercisable for Resulting Issuer Shares in accordance with their terms at the Exchange Ratio;

(f) at the Closing Time, each Westleaf Share (including the Westleaf Shares issued upon the conversion of the Subscription Receipts, if any) will be cancelled and replaced by one fully paid and non-assessable Resulting Issuer Share (such ratio of 1:1 being the "**Exchange Ratio**");

(g) the IGC SubCo Shares will be cancelled and replaced by Amalco Shares on the basis of one Amalco Share for each IGC SubCo Share;

(h) as consideration for the issuance of the IGC Shares to effect the Amalgamation, Amalco will issue to IGC one Amalco Share for each IGC Share issued to the previous holders of Westleaf Shares;

(i) all of the property and assets of each of IGC Subco and Westleaf will be the property and assets of Amalco, and Amalco will be liable for all of the liabilities and obligations of each of IGC Subco and Westleaf; and

(j) Amalco will be a wholly-owned subsidiary of IGC.

Conditions of Closing

Mutual Covenants Prior to Closing

The Amalgamation Agreement provides that the respective obligations of the Parties to consummate the transactions contemplated by the Amalgamation Agreement, and in particular the completion of the Amalgamation, are subject to the satisfaction, on or before the Closing Date, of the following mutual covenants prior to Closing, whereby each of the Parties covenants that prior to Closing, it shall not, directly or indirectly, do or permit to occur any of the following, except as otherwise contemplated pursuant to the Amalgamation Agreement:

(a) redeem, purchase or otherwise acquire any of its outstanding shares or other securities including, without limitation, under an issuer bid;

(b) split, combine, or reclassify any of its shares, except for the IGC Share Consolidation;

(c) reduce its stated capital; or

(d) authorize or propose any of the foregoing, or enter into or modify any contract, agreement, commitment, or arrangement to do any of the foregoing.

The foregoing covenants are for the mutual benefit of the Parties and may be asserted by either Party regardless of the circumstances.

Conditions Precedent to the Obligations of the IGC Parties

The completion of the Transaction and the exchange of Westleaf Shares for IGC Shares is subject to the following conditions to be fulfilled or performed prior to Closing by Westleaf or an Affiliate, which conditions are for the exclusive benefit of the IGC Parties and may be respectively waived, in whole or in part, by the IGC Parties in their sole discretion.

(a) *Truth of Representations and Warranties*

All of the representations and warranties of Westleaf contained in or made pursuant to the Amalgamation Agreement shall have been true and correct as of the date of the Amalgamation Agreement and shall be true and correct as of the Closing Date with the same force and effect as if such representations and warranties had been made on and as of such date, and the Chief Executive Officer and Chief Financial Officer of Westleaf shall have executed and delivered a certificate to that effect to the IGC Parties at Closing. The receipt of such certificate and the Closing shall not constitute a waiver by IGC of any of the representations and warranties of Westleaf which are contained in the Amalgamation Agreement. Upon the delivery of such certificate, the representations and warranties of the Westleaf shall be deemed to have been made on and as of the Closing Date with the same force and effect as if made on and as of such date.

(b) *Performance of Covenants*

IGC shall have, in all material respects to the satisfaction of the IGC Parties, fulfilled or complied with all of the obligations, covenants, and agreements contained in the Amalgamation Agreement to be fulfilled or complied with by each of them at or prior to the Closing, and the Chief Executive Officer and Chief Financial Officer of Westleaf shall have executed and delivered a certificate to that effect to the IGC Parties at Closing. The receipt of such certificate and the Closing shall not constitute a waiver by the IGC Parties of the covenants of Westleaf which are contained in the Amalgamation Agreement.

(c) *No Material Adverse Change*

Between October 4, 2018 and the Closing Time, there will not have occurred any Material Adverse Change with respect to Westleaf or the Westleaf Subsidiaries, and the Chief Executive Officer and Chief Financial Officer of Westleaf shall have executed and delivered a certificate to that effect to the IGC Parties at Closing.

(d) *Westleaf Shareholder Approval*

Westleaf shall have held the Westleaf Shareholder Meeting and obtained approval from the Westleaf Shareholders for the Transaction.

(e) *IGC Shareholder Approval*

IGC shall have held the IGC Shareholder Meeting and obtained approval from the IGC Shareholders for the IGC Share Consolidation, the IGC Continuance, the IGC Name Change, the IGC Fixed Stock Option Plan, and the IGC Restricted Share Unit Plan.

(f) *Approvals*

All third party consents, waivers, permits, orders, and approvals required in connection with the consummation of the Transaction will have been provided or obtained on terms and conditions acceptable to the Parties, acting reasonably, at or before the Closing Time, except where the failure to provide or obtain such would not have a Material Adverse Effect, would not materially adversely affect the IGC Parties or would not prevent or materially impede the completion of the Transaction.

(g) *Filing Statement*

Each of IGC and Westleaf shall have executed and delivered a copy of the Filing Statement to the Exchange and such Filing Statement shall have been accepted by the Exchange.

(h) *TSXV Escrow Agreement*

The Westleaf Shareholders shall have entered into the TSXV Escrow Agreement and Westleaf shall have provided IGC with a copy of the TSXV Escrow Agreement executed by the Westleaf Shareholders in the form required by the Exchange pursuant to TSXV Policies.

(i) *Director Appointments*

IGC shall have received consents from Stephen Mason, Scott Hurd, Robb McNaughton, Kareen Stangherlin and Delbert Wapass, or such other proposed directors of the Resulting Issuer that Westleaf in its sole discretion may determine, to act as directors of IGC with effect as of the Closing Time.

(j) *No Action*

No act, action, suit, legal proceeding, objection, or opposition shall have been commenced, pending, threatened, taken, entered, or promulgated before or by any Government Authority or by any other Person, and no law, regulation, policy, judgment, decision, order, ruling, or directive (whether or not having the force of law) shall have been proposed, enacted, promulgated, amended, or applied, in any case: (a) to cease trade, enjoin, prohibit or impose material conditions on the Transaction or the transactions contemplated therein; (b) to cease trade, enjoin, prohibit or impose material conditions on the rights of IGC to own or exercise full rights of ownership of Amalco, including the rights to vote the Amalco Shares, upon the completion of the Transaction or conduct the Business conducted by Westleaf; (c) to prohibit or restrict the completion of the Transaction in accordance with the terms of the Amalgamation Agreement or otherwise relating to the Transaction; or (d) that would have a Material Adverse Effect, or would materially adversely affect either of the IGC Parties.

(k) *Sponsorship*

IGC shall have obtained a waiver of TSXV sponsorship requirements under the TSXV Policies, or in the alternative, a Sponsor (as defined in the TSXV Policies) filing an acceptable Sponsor's report with the TSXV.

(l) *Deliveries*

Westleaf shall have delivered all items contemplated by the Amalgamation Agreement.

Conditions Precedent to the Obligations of Westleaf

The completion of the Transaction and the exchange of Westleaf Shares for IGC Shares is subject to the following conditions to be fulfilled or performed prior to Closing by the IGC Parties, which conditions are for the exclusive benefit of Westleaf, and may be respectively waived, in whole or in part, by Westleaf in its sole discretion.

(a) *Truth of Representations and Warranties*

The representations and warranties of the IGC Parties contained in the Amalgamation Agreement and the TSXV Escrow Agreement, as applicable, shall be true and correct as of the Closing Date with the same force and effect as if such representations and warranties had been made on and as of such date and IGC shall have executed and delivered a certificate of a senior officer to that effect. The receipt of such certificate and the Closing shall not constitute a waiver of the representations and warranties of the IGC Parties which are contained in the Amalgamation Agreement. Upon delivery of such declaration, the representations and warranties of IGC in or made pursuant to the Amalgamation Agreement shall be deemed to have been made on and as of the Closing Date with the same force and effect as if made on and as of such date.

(b) *Performance of Covenants*

The IGC Parties shall, in all material respects to the satisfaction of Westleaf, have fulfilled or complied with all obligations, covenants, and agreements contained in the Amalgamation Agreement and the TSXV Escrow Agreement, as applicable, to be fulfilled or complied with by it at or prior to the Closing and IGC shall have executed and delivered a certificate of a senior officer to that effect. The receipt of such certificate and the Closing shall not constitute a waiver by Westleaf of the covenants of the IGC Parties which are contained in the Amalgamation Agreement or the TSXV Escrow Agreement.

(c) *No Material Adverse Change*

Between October 4, 2018 and the Closing Date, there will not have occurred any Material Adverse Change with respect to the IGC Parties.

(d) *Approvals*

All third party consents, waivers, permits, orders, and approvals required in connection with the consummation of the Transaction will have been provided or obtained on terms and conditions acceptable to the Parties, acting reasonably, at or before the Closing Date, except where the failure to provide or obtain such would not have a Material Adverse Effect, would not materially adversely affect Westleaf, or would not prevent or materially impede the completion of the Transactions contemplated.

(e) *Filing Statement*

Each of IGC and Westleaf shall have executed and delivered a copy of the Filing Statement to the Exchange and such Filing Statement shall have been accepted by the Exchange.

(f) *No Action*

No legal proceeding or opposition shall have been commenced, pending, threatened, taken, entered, or promulgated before or by any Government Authority or by any other Person, and no law, regulation, policy, judgment, decision, order, ruling or directive (whether or not having the force of law) shall have been proposed, enacted, promulgated, amended, or applied, in any case: (a) to cease trade, enjoin, prohibit, or impose material conditions on the Transaction or the transactions contemplated by the Amalgamation Agreement; (b) to cease trade, enjoin, prohibit, or impose material conditions on the rights of IGC to own

or exercise full rights of ownership of the Amalco Shares, including the rights to vote the Amalco Shares, upon the completion of the Transaction or conduct the Business conducted by Westleaf; (c) to prohibit or restrict the completion of the Transaction in accordance with the terms hereof or otherwise relating to the Transaction; or (d) that would have a Material Adverse Effect, or would materially adversely affect Westleaf.

(g) *Westleaf Shareholder Approval*

Westleaf shall have held the Westleaf Shareholder Meeting and obtained approval from the Westleaf Shareholders for the Transaction.

(h) *Management Appointments*

IGC shall have received written resignations and releases from each director and officer of IGC, in each case with effect from the Closing Time, in a form satisfactory to Westleaf, acting reasonably; and received consents from Stephen Mason, Scott Hurd, Robb McNaughton, Kareen Stangherlin, Delbert Wapass, or such other proposed directors of the Resulting Issuer as Westleaf in its sole discretion may determine, to act as directors of IGC with effect as of the Closing Time.

(i) *Consolidation, Continuance, and Name Change*

IGC shall have completed the IGC Share Consolidation, the IGC Continuance, and IGC Name Change, and shall have implemented the IGC Restricted Share Unit Plan.

(j) *Transaction Expenses*

The Purchaser's costs, fees, and expenses paid or incurred in relation to the Transaction (including any legal, financial, printing, shareholder communication, and any other costs, fees, and expenses and including the costs, fees, and expenses of legal counsel for any special independent committee of the board of directors of IGC, tax structuring advice, any change of control or termination payments or costs, fees and expenses associated with any fairness opinion) (the "**Transaction Expenses**") shall not exceed $100,000, and IGC shall have executed and delivered a certificate of a senior officer to that effect.

(k) *Working Capital*

The Working Capital as of the Closing Date shall not be less than $150,000, and IGC shall have executed and delivered a certificate of a senior officer to that effect.

(l) *TSXV Escrow Agreement*

IGC shall have entered into the TSXV Escrow Agreement and shall have provided Westleaf with a copy of the TSXV Escrow Agreement executed by IGC in the form required by the Exchange pursuant to TSXV Policies.

(m) *Distribution*

IGC shall meet the public distribution requirements for a Tier 2 Issuer on the TSXV in accordance with TSXV Policies, and shall have provided evidence satisfactory to Westleaf, acting reasonably, to this effect.

(n) *Deliveries*

The IGC Parties shall have delivered all items contemplated by the Amalgamation Agreement.

Mutual Conditions Precedent

The respective obligations of the Parties to the Amalgamation Agreement to complete each step of the Transaction Closing Date, of the following conditions precedent, each of which may be waived only by the mutual consent of the Parties:

(a) there shall not be in force any Order or decree restraining or enjoining the consummation of the Transaction;

(b) the Amalgamation Agreement shall not have been terminated;

(c) the Concurrent Financing shall have closed on or prior to the Amalgamation;

(d) the Exchange shall have conditionally accepted the Transaction and the listing of the Resulting Issuer Shares issuable pursuant to the Transaction (including Resulting Issuer Shares issuable upon the exercise of the Replacement RSUs, the Westleaf Warrants, the Westleaf Options, or the Westleaf Performance Warrants); and

(e) all Regulatory Approvals shall have been obtained.

Termination

The Amalgamation Agreement may be terminated by written notice promptly given to the other Parties, at any time prior to the Closing Date:

(a) by mutual agreement in writing by the Parties;

(b) by either Party provided that the failure to satisfy the particular condition precedent being relied upon as a basis for termination of the Amalgamation Agreement did not occur as a result of a breach by the Party seeking to rely on the condition precedent of any of its covenants or obligations under the Amalgamation Agreement; or

(c) the Closing Date has not occurred by December 31, 2018.

Amendment

The Amalgamation Agreement may, at any time on or before the Closing Date, be amended by mutual agreement between the Parties. The Amalgamation Agreement may not be amended except by an instrument in writing signed by the appropriate officers on behalf of each of the Parties.

PART IV. INFORMATION CONCERNING THE RESULTING ISSUER

CORPORATE STRUCTURE

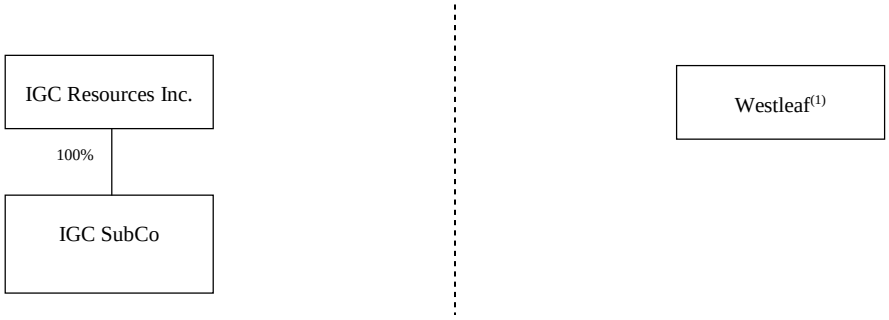
Name and Incorporation

In conjunction with the Transaction, the Resulting Issuer will change its name to "Westleaf Inc." or such other name as may be accepted by the TSXV and approved by the Board of IGC. Upon Completion of the Transaction and subject to the approval of the Exchange, the Resulting Issuer will be classified as a Tier 2 Life Sciences Issuer for purposes of the policies of the Exchange. The Resulting Issuer will be governed by the ABCA.

The registered and records office of the Resulting Issuer and the head office will be located at 1900, 520 – 3rd Avenue SW, Calgary, Alberta, T2P 0R3.

Intercorporate Relationships

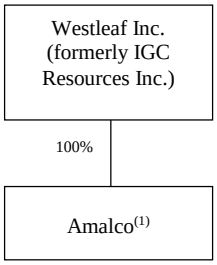
The following chart shows the organizational structure of IGC and Westleaf prior to closing of the Amalgamation:



Note:

(1) For a description of Westleaf's intercorporate relationships, see *"Part II – Information Concerning Westleaf – Corporate Structure"*.

Pursuant to the Amalgamation, Westleaf will amalgamate with IGC SubCo to create Amalco, which will be a wholly-owned subsidiary of the Resulting Issuer. The following chart shows the organizational structure of the Resulting Issuer and its direct and indirectly held interests:



Note:

(1) For a description of Westleaf's intercorporate relationships which will become Amalco's intercorporate relationships, see *"Part II – Information Concerning Westleaf – Corporate Structure"*.

NARRATIVE DESCRIPTION OF THE BUSINESS

Stated Business Objectives

Westleaf expects to allocate the Available Funds primarily towards working capital and the development of its business strategy, including the following:

1. The expansion of cannabis retail operations across British Columbia, Alberta, and Saskatchewan. Westleaf expects to continue its planned expansion of retail operations in provinces with privatized cannabis retail, pursuant to provincial municipal regulations. Westleaf intends to open 20 or more retail locations over the 12 to 24 months following the Completion of the Transaction.

2. The application for retail licenses in Manitoba and Ontario.

3. The completion and licensing of the first phase of the Delta West Facility.

4. The completion and licensing of the first phase of the Battleford Facility.

Following Completion of the Transaction, the Resulting Issuer will continue the business of Westleaf, using the Available Funds. See "*Part II – Information Concerning Westleaf – General Development of the Business*".

Milestones

Milestones to be achived in connection with the operations of Westleaf and their estimated timelines and costs are set forth below.

Target	Description	Estimated Costs to Complete
Ongoing	Launch of 20 to 30 retail cannabis stores over the next 12 to 24 months	$10.6 to $16.5 million
Q1 2019	Launch of e-commerce platform in Saskatchewan	$100,000
Q2 2019	Cannabis Act licensing and completion of the Delta West Facility for extraction operations	$2.0 million (net to Westleaf)
Q4 2019	Cannabis Act licensing and completion of the Battleford Facility for cultivation operations	$26.7 million

DESCRIPTION OF THE SECURITIES

Resulting Issuer Shares

The Resulting Issuer will be authorized to issue an unlimited number of Resulting Issuer Shares without nominal or par value of which, as at the date hereof, it is expected there will be 85,975,699 Resulting Issuer Shares issued and outstanding as fully paid and non-assessable upon Completion of the Transaction (before giving effect to the Concurrent Financing). The holders of Resulting Issuer Shares will be entitled to dividends, if, as and when declared by the board of directors, subject to the prior rights of any other class of shares of the Resulting Issuer. Holders of Resulting Issuer Shares will also be entitled to receive notice of, to attend and to one vote per share at meetings of the shareholders of the Resulting Issuer and, upon dissolution, to share equally in such assets of the Resulting Issuer as are distributable to the holders of Resulting Issuer Shares subject to the rights, privileges, restrictions, and conditions attaching to any other class of shares of the Resulting Issuer. All Resulting Issuer Shares outstanding after Completion of the Transaction will be fully paid and non-assessable.

Preferred Shares

The Resulting Issuer will be authorized to issue an unlimited number of non-voting preferred shares (the "**Resulting Issuer Preferred Shares**") without nominal or par value. The Resulting Issuer Preferred Shares may be issued from time to time in one or more series, each consisting of a number of Resulting Issuer Preferred Shares as determined

by the board of directors of the Resulting Issuer which also may fix the designations, rights, privileges, restrictions, and conditions attaching to the shares of each series of the Resulting Issuer Preferred Shares. As of the date of this Filing Statement, it is anticipated that there will be no Resulting Issuer Preferred Shares issued and outstanding upon Completion of the Transaction. The Resulting Issuer Preferred Shares of each series shall, with respect to payment of dividends and distribution of assets in the event of voluntary or involuntary liquidation, dissolution, or winding-up of the Resulting Issuer or any other distribution of the assets of the Resulting Issuer among its shareholders for the purpose of winding-up its affairs, rank on a parity with the Resulting Issuer Preferred Shares of every other series and shall be entitled to preference over the Resulting Issuer Shares and the shares of any other class ranking junior to the Resulting Issuer Preferred Shares. The holders of Resulting Issuer Preferred Shares will not be entitled to receive notice of, attend or vote at any meetings of the shareholders of the Resulting Issuer.

Resulting Issuer Replacement Warrants

In connection with the Transaction, it is expected that the Resulting Issuer will issue Resulting Issuer Replacement Warrants to holders of share purchase warrants of Westleaf. It is estimated that upon Completion of the Transaction, 2,941,176 Resulting Issuer Shares will be reserved for issuance upon exercise of the Resulting Issuer Replacement Warrants, 250,000 Resulting Issuer Shares will be reserved for issuance upon exercise of the Resulting Issuer Delta 9 Warrants, 980,000 Resulting Issuer Shares will be reserved for issuance upon exercise of the Resulting Issuer Performance Warrants, 162,840 Resulting Shares will be reserved for issuance upon exercise of the Resulting Issuer Finder's Warrants and 175,000 Resulting Issuer Shares will be reserved for issuance upon exercise of the Resulting Issuer Atlas Warrants. Upon Completion of the Transaction, it is expected there will be 2,736,633 Resulting Issuer Warrants in place of the IGC Warrants.

Resulting Issuer RSUs

In connection with the Transaction, it is expected that the Resulting Issuer will issue 7,085,000 Resulting Issuer RSUs to holders of Westleaf RSUs. Upon Completion of the Transaction, there will be no Resulting Issuer RSUs in place of the IGC Restricted Share Units issued to the directors and officers of IGC.

Resulting Issuer Options

In connection with the Transaction, it is expected that the Resulting Issuer will issue 3,014,400 Resulting Issuer Options to holders of Westleaf Options. Upon Completion of the Transaction, there will be no Resulting Issuer Options in place of the IGC Options issued to the directors and officers of IGC.

See also *"Part I – Information Concerning IGC Resources Inc. – Stock Option Plan"* and *"Part II – Information Concerning Westleaf – Description of the Securities – Westleaf Options"* and *"Part II – Information Concerning Westleaf – Stock Option Plan".*

Other Securities

It is not expected that the Resulting Issuer will have any other securities outstanding.

PRO FORMA CONSOLIDATED CAPITALIZATION

The following table sets forth the estimated capitalization of the Resulting Issuer after giving effect to the Transaction.

Designation of security	Amount authorized or to be authorized	Amount outstanding as of the Date of this Filing Statement[(1)]	Amount outstanding after giving effect to the Transaction[(2)]
Resulting Issuer Shares	Unlimited	10,565,442	85,975,699
Resulting Issuer Options	10% of Resulting Issuer Shares	N/A	3,014,400
Resulting Issuer RSUs	N/A	N/A	7,085,000
Resulting Issuer Preferred Shares	N/A	N/A	Nil
Resulting Issuer Replacement Warrants	N/A	N/A	2,941,176
Resulting Issuer Delta 9 Warrants	N/A	N/A	250,000
Resulting Issuer Finder's Warrants	N/A	N/A	162,840
IGC Warrants	N/A	7,999,999	2,736,633
Resulting Issuer Performance Warrants	N/A	N/A	980,000
Resulting Issuer Atlas Warrants	N.A	N/A	175,000

Notes:

(1) On a pre-Consolidation basis. In connection with the Transaction it is anticipated that IGC will consolidate the IGC Shares on the basis of one post-Consolidation IGC Share for every 2.9233 pre-Consolidation IGC Shares; convertible securities will be adjusted in accordance with their terms to reflect the terms of the Consolidation.
(2) Before giving effect to the Concurrent Financing.
(3) It is expected that the Concurrent Financing will result in the issuance of 17,648,000 Resulting Issuer Shares, 8,824,000 Warrants, 1,058,880 Broker Warrants and 204,705 VIII Capital Warrants assuming the over-allotment option is not exercised and the minimum gross proceeds are raised.

Fully Diluted Share Capital

The fully-diluted share capital of the Resulting Issuer, after Closing of the Transaction, will consist of the securities set forth in the table below. Including all of the below securities, it is expected that there will be 85,975,699 Resulting Issuer Shares issued and outstanding, along with an aggregate of 17,345,049 Resulting Issuer Shares issuable upon conversion or exercise, as applicable, of convertible securities, for an aggregate of 103,320,748 Resulting Issuer Shares outstanding on a fully-diluted basis as set forth in the table below (all before giving effect to the Concurrent Financing).

Categories of Securities	Number of Resulting Issuer Shares	Percentage of Total Diluted Resulting Issuer Share Capital Post Closing
Resulting Issuer Shares reserved for issuance upon the exercise of the IGC Warrants	2,736,633	2.65%
Resulting Issuer Shares issued to IGC Securityholders	3,645,346	3.53%
Resulting Issuer Shares issued to Westleaf Securityholders (excluding subscribers to the Concurrent Financing[(1)])	82,330,353	79.68%
Resulting Issuer RSUs, Resulting Issuer Finder's Warrants, Resulting Issuer Delta 9 Warrants, Resulting Issuer Performance Warrants, Resulting Issuer Replacement Warrants and Resulting Issuer Atlas Warrants	11,594,016	11.22%
Resulting Issuer Shares reserved for issuance upon the exercise of the Resulting Issuer Options (issued in consideration of the cancellation of Westleaf Options)	3,014,400	2.92%
TOTAL	103,320,748	100.0%[(2)]

Notes:

(1) In connection with the Transaction, IGC will raise minimum gross proceeds of $15,000,800 through the sale of Subscription Receipts at a price of $0.85 per Subscription Receipt.
(2) Numbers may not add due to rounding.
(3) It is expected that after giving effect to the Concurrent Financing, and assuming the over-allotment option is not exercised and the minimum gross proceeds are raised, there will be a total of 103,923,699 Resulting Issuer Shares issued and outstanding, along with an aggregate of 27,432,634 Resulting Issuer Shares issuance upon conversion or exercise, as applicable, of convertible securities for an

aggregate of 131,356,333 Resulting Issuer Shares issued and outstanding on a fully-diluted basis. See "*The Amalgamation – Concurrent Financing*" and "*Part II – Information Concerning Westleaf – History*".

AVAILABLE FUNDS AND PRINCIPAL PURPOSES

Funds Available

The following table sets forth the estimated working capital as at July 31, 2018, as well as the estimated available funds on completion of the Transaction.

It is anticipated that upon Completion of the Transaction, the Resulting Issuer will have approximately $48,721,845 in available funds at Closing including the net proceeds raised in the Concurrent Financing, consisting mainly of cash, which will be used as set forth below.

Source of Funds	Available Funds
Westleaf Working Capital (As of October 31, 2018)	$19,471,045
Gross Proceeds from the Concurrent Financing	$15,000,800[(1)]
Funds from IGC	$150,000
Debt Financing – Battleford Facility	$12,750,000[(2)]
Debt Financing – Delta West Facility	$1,600,000[(3)]
Estimated costs of the Transaction	($250,000)
Total Funds Available on Completion of the Transaction	**$48,721,845**

Notes:

(1) Assuming the Over Allotment Options is not exercised and the minimum gross proceeds are raised.
(2) It is anticipated that the Battleford Facility debt financing will be received upon Westleaf and the Resulting Issuer contributing $12,000,000 in aggregate to the Battleford Project. See "Part IV – *Information Concerning the Resulting Issuer – Narrative of the Business*".
(3) It is anticipated that the Delta West Facility debt financing will be received upon the granting of a production license in respect of the Delta West Facility. See "Part IV – *Information Concerning the Resulting Issuer – Narrative of the Business*".

Principal Purposes of Funds

The following table sets forth the funds anticipated to be available to the Resulting Issuer upon the Completion of the Transaction and the proposed use of such funds over the 12 month period following Completion of the Transaction and contains forward looking information developed for this Filing Statement and approved by management of Westleaf on November 28, 2018:

Use of Available Funds (12 month period following Completion of the Transaction)	Amount Assuming Completion of the Transaction
Capital Expenditures – 20 Retail Stores	$10,600,000
Ecommerce Platform	$100,000
Delta West Facility Phase I – Extraction	$2,000,000
Battleford Facility Phase I – Cultivation	$26,400,000
General and Administrative Costs	$3,115,000
Working Capital	$1,354,619
Unallocated Funds	$5,152,226
Total Use of Funds Available	**$48,721,845**

The Resulting Issuer plans to use the Available Funds for working capital to assist in the development of its business strategy, including:

1. The expansion of cannabis retail operations across British Columbia, Alberta, and Saskatchewan. Westleaf intends to open 20 or more retail locations over the following 12 months to 24 months.

2. The application for retail licenses in Manitoba.

3. The establishment of retail operations in Ontario.

4. The completion and licensing of the first phase of the Delta West Facility.

5. The completion and licensing of the first phase of the Battleford Facility.

Notwithstanding the proposed uses of Available Funds discussed above, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary or prudent. It is difficult at this time to definitively project the total funds necessary to effect the planned activities of the Resulting Issuer. For these reasons, management of IGC and Westleaf consider it to be in the best interests of the Resulting Issuer and its shareholders to afford management a reasonable degree of flexibility as to how the funds are employed among the uses identified above, or for other purposes, as the need arises.

Dividends

It is not expected that the Resulting Issuer will declare any dividends for the foreseeable future. The Resulting Issuer will have no restrictions on paying dividends, but if the Resulting Issuer generates earnings in the foreseeable future, it is expected that such earnings will be retained to finance growth, if any. The Board of the Resulting Issuer will determine if and when dividends should be declared and paid in the future based upon the Resulting Issuer's financial position at the relevant time. Holders of Resulting Issuer Shares will be entitled to an equal share in any dividends declared and paid on the Resulting Issuer Shares.

PRINCIPAL SECURITYHOLDERS

To the knowledge of the directors and officers of Westleaf and IGC, as of the date hereof, other than Thunder Developments Inc., no person will beneficially own, directly or indirectly, or exercise control or direction over voting securities carrying more than 10% of the voting rights attached to any class of voting securities of the Resulting Issuer.

DIRECTORS, OFFICERS, AND PROMOTERS

Upon completion of the Amalgamation, the current directors of IGC will resign. The directors of the Resulting Issuer are expected to be Stephen Mason, Scott Hurd, Robb McNaughton, Kareen Stangherlin, and Delbert Wapass and the officers of the Resulting Issuer are expected to be Scott Hurd, President and Chief Executive Officer; Taylor Ethans, Chief Financial Officer; Shon Williams, Chief Development Officer; Ben Kaanta, Chief Operating Officer; and Christian Monson, Chief Legal Officer & VP of Strategy. It is anticipated that the Audit Committee of the Resulting Issuer will consist of Kareen Stangherlin, Robb McNaughton, and Stephen Mason. It is anticipated that the Compensation Committee of the Resulting Issuer will consist of Kareen Stangherlin and Robb McNaughton.

The following are the names and municipalities of residence of the individuals who will hold office as directors and officers of Resulting Issuer upon Completion of the Transaction, their proposed positions and offices with the Resulting Issuer, the number and percentage of Resulting Issuer Shares that the proposed director or officer will own, or over which control or direction will be exercised following the Completion of the Transaction, the period served as a director or officer of Westleaf or IGC and their principal occupations during the last five years.

Name, Expected Position and Municipality of Residence	Principal Occupation for the Previous Five Years	Number and Percentage of Resulting Issuer Shares after giving effect to the Transaction and Percentage of Class Held or Controlled[1][2][3][4][5][6]
Scott Hurd Calgary, Alberta President, CEO, and Director	President, CEO, and Director of Westleaf (August 2017 to present) Vice President Business Development at Grafton Asset Management (February 2013 to February 2018)	6,500,000 7.56%
Taylor Ethans Calgary, Alberta Chief Financial Officer, Head of M&A, and Corporate Secretary	Chief Financial Officer and Director of Westleaf (August 2017 to present) Vice President at TriWest Capital Partners (September 2012 to July 2017)	6,500,000 7.56%
Stephen Mason Calgary, Alberta Executive Chairman and Director	Chairman and Director of Westleaf (November 2017 to present) President and CEO of Talio Resources Ltd. (January 2016 to present) President and CEO of Talio Energy Ltd. (July 2015 to August 2018) Executive Vice President at Reservoir Silicates LLC (April 2014 to July 2015) President and CEO of Tonare Energy Ltd. (March 2011 to April 2014) President of Resina Resources Ltd (March 2009 to Present)	6,500,000 7.56%
Pat Whelan Calgary, Alberta Executive Vice President	Executive Vice President of Westleaf (August 2017 to present) Director of Business Development, International Directional Drilling at Ensign Energy Services (December 2011 to August 2013)	6,500,000 7.56%
Shon Williams Denver, Colorado Chief Development Officer	Chief Development Officer of Westleaf International Inc. (October 2018 to present) Co-Founder of Arete Ops, LLC (December 2017 to present) Director, Business Development, Program Management and Design at MJardin Group (June 2016 to December 2017) Director, Business Development (Aerospace) at Calspan (November 2014 to June 2016) US Air Force Officer (June 1994 to June 2014)	Nil Nil
Ben Kaanta Denver, Colorado Chief Operating Officer	Chief Operating Officer of Westleaf International Inc. (October 2018 to present) Co-Founder of Arete Ops, LLC (October 2017 to present) Director of Operations; Director of Infrastructure at MJardin Group (August 2015 to October 2017) Program Manager at ProCure Treatment	Nil Nil

Name, Expected Position and Municipality of Residence	Principal Occupation for the Previous Five Years	Number and Percentage of Resulting Issuer Shares after giving effect to the Transaction and Percentage of Class Held or Controlled[1][2][3][4][5][6]
	Centers (February 2008 to August 2015)	
Christian Monson Denver, Colorado Chief Legal Officer & VP of Strategy	Chief Legal Officer & VP of Strategy of Westleaf International Inc. (October 2018 to present) Co-Founder of Arete Ops, LLC (December 2017 to Present) General Counsel at MJardin Group (September 2015 to December 2017) Associate at Campbell, Latiolais & Averbach, LLC (April 2014 to September 2015) Associate at Lewis, Brisbois, Bisgaard & Smith, LLP (September 2013 to April 2014)	Nil Nil
Robb McNaughton Calgary, Alberta Director	Partner at Borden Ladner Gervais LLP (July 2013 to Present) Director of Westleaf (January 2018 to Present) Director at eQube Gaming Limited (October 2011 to April 2017) Director at Goldbelt Empires Limited (October 2015 to December 2016) Director at Richmond Road Capital Corp. (September 2012 to Present) Director at Global Investments Capital Corp. (September 2017 to Present) Director at Integrated Compliance Solutions Inc. (June 2018 to Present) Director at The Needle Capital Corp. (September 2016 to September 2018) Director at QE2 Acquisition Corp. (October 2014 to December 2014) Director at Richmond Row Capital Corp. (November 2010 to August 2012) Director at Metropolitan Mining Corp. (March 2011 to July 2011)	50,000 0.06%
Kareen Stangherlin Calgary, Alberta Chair of Audit and Director	Director of Westleaf (September 2018 to present) CEO of Zelos Capital Ltd. (May 2016 to Present) CEO of KMS Proprieta Ltd. (October 2015 to April 2016) CFO and CCO of Grafton Asset Management (March 2012 to September 2015)	140,000[7] 0.16%
Chief Delbert Wapass Turtleford, Saskatchewan Director	Director of Westleaf (August 2018 to present) Chief of Thunderchild First Nation (October 2010 to October 2018)	Nil Nil

Notes:

(1) Table is based on total of 85,975,699 Resulting Issuer Shares issued and outstanding after giving effect to the Transaction and before giving effect to the Concurrent Financing.

(2) The Resulting Issuer Shares over which each of the proposed directors and officers will exercise control includes those Westleaf Common Shares which shall be exchanged for Resulting Issuer Shares pursuant to the Amalgamation upon Closing of the Transaction and is exclusive of any Resulting Issuer Shares issuable upon exercise or conversion of any convertible securities.
(3) Kareen Stangherlin, Chair; Robb McNaughton, and Stephen Mason will comprise the Audit Committee of the Resulting Issuer and Robb McNaughton and Kareen Stangherlin will comprise the Compensation Committee of the Resulting Issuer.
(4) Delbert Wapass is the former chief of the Thurderchild First Nation. An Affiliate of Thunderchild First Nation, Thunder Developments Inc., will hold 16,000,000 Resulting Issuer Shares.
(5) Robb McNaughton will hold his Resulting Issuer Shares through Aoi Maru Corp.
(6) Stephen Mason will hold his Resulting Issuer Shares through Resina Resources Ltd.
(7) Of which 20,000 Resulting Issuer Shares will be held by Zelos Capital Ltd. Ms. Stangherlin owns 50% of the voting securities of Zelos Capital Ltd.

After giving effect to the Transactions, and before giving effect to the Concurrent Financing, the holdings of the proposed directors and officers of the Resulting Issuer, and their Associates and Affiliates, as a group, whether, beneficial, direct or indirect, will represent 26,190,000 Resulting Issuer Shares representing approximately 30.46% of the outstanding Resulting Issuer Shares.

Biographies of Management and Directors

The following are biographies of each of the proposed members of management and directors for the Resulting Issuer:

Scott Hurd – Calgary, Alberta – President, Chief Executive Officer, and Director

Mr. Hurd is a co-founder of Westleaf and brings significant leadership, business development, and principal investing/capital markets expertise. Prior to Westleaf, Mr. Hurd served as the Vice President of Business Development at Grafton Asset Management, a leading Canadian asset management firm where he was involved in raising, investing and managing over $1 billion of capital focused on real-asset investments in North America. Previously, Mr. Hurd worked for Macquarie Energy Capital's principal investing group where he focused on the origination and execution of investments in domestic and international structured and mezzanine debt, public and private equities, and joint venture transactions. Scott has also worked for CIBC World Markets in the global energy investment banking group. Mr. Hurd is 31 years old, is a CFA Charterholder, and holds a Bachelor of Commerce with a major in Finance from the University of Calgary. Upon Completion of the Transaction, Mr. Hurd will be appointed as a director of the Resulting Issuer and will be employed full-time by the Resulting Issuer.

Taylor Ethans – Calgary, Alberta – Chief Financial Officer, Head of Mergers and Acquisitions, and Corporate Secretary

Mr. Ethans is a co-founder of Westleaf and brings significant capital markets and private equity investment expertise. Prior to joining Westleaf, Taylor was a Vice President for TriWest Capital Partners where he executed eleven acquisitions and divestures in manufacturing and retail focused businesses, totaling over $1 billion in valuation. In addition, Mr. Ethans served as a Director on the boards of Landmark Cinemas and Trimlite Manufacturing. Prior to TriWest Capital Partners, Mr. Ethans worked at RBC Capital Markets where he was involved in numerous public equity and debt financings. Mr. Ethans is 31 years old and holds a Bachelor of Commerce (honours with Distinction), with a major in Finance from the University of Manitoba. Upon Completion of the Transaction, Mr. Ethans will be employed full-time by the Resulting Issuer.

Shon Williams – Denver, Colorado – Chief Development Officer, Westleaf International Inc.

Mr. Williams has twenty-four plus years of experience in organizational leadership, strategic planning, program management (PM), R&D, ops, and business development (BD). He previously served as Director of BD, PM & Design for MJardin where he drove multi-national/multi-state expansion and brought project and design discipline to the industry. After earning a BS in Mech/Aero Engineering from West Point, he served 20 years in the Air Force in roles such as space systems development, flight test, international cooperation, and F-22/F-15 fighter programs. He also deployed to Afghanistan with NATO. After retirement as a Lt Col he became BD Director for Calspan Aerospace. Mr. Williams is 45 years old and has an MS in Astronautical Engineering and is a USAF Test Pilot School graduate. Upon Completion of the Transaction, Mr. Williams will be employed full-time by the Resulting Issuer.

Ben Kaanta – Denver, Colorado – Chief Operating Officer, Westleaf International Inc.

Mr. Kaanta was the former Director of Operations for MJardin. While there, he oversaw all aspects of day-to-day operations in over a dozen commercial cultivation facilities, the start-up of another dozen facilities, and the development of training and analytics programs. Previously, Mr. Kaanta oversaw the start-up and early stage operations of multiple particle accelerator based cancer therapy centers, managed product development for biomedical instrumentation, and performed research & development on ion thrusters for NASA. Mr. Kaanta is 40 years old and holds a BS in Mechanical Engineering with a Minor in Mathematics and is a certified Project Management Professional (PMP). Mr. Kaanta, with various other inventors, holds two patents (US Patent No. 6,881,580: Environmental Containment System for Flow Cytometer; US Patent No. 6,780,377: Environmental Containment Methods for Flow Cytometer) which provide an adjustable controllable environment in which biological particles can be differentiated and droplets separated into collection containers. Upon Completion of the Transaction, Mr. Kaanta will be employed full-time by the Resulting Issuer.

Christian Monson – Denver, Colorado – Chief Legal Officer & VP of Strategy, Westleaf International Inc.

Mr. Monson was the former General Counsel for MJardin which operates in multiple jurisdictions. In this position, Mr. Monson oversaw all legal affairs while working closely with the executive team in the long-term development of the business, including co-leading the business with two other executives. Mr. Monson is 38 years old and has project managed successful merit-based cannabis license application writing efforts for clients in several states and was in charge of ensuring licensing compliance for over 70 state and local cannabis licenses. Mr. Monson holds a Bachelor of Arts in Environmental Studies and a Juris Doctorate. Upon Completion of the Transaction, Mr. Monson will be employed full-time by the Resulting Issuer.

Pat Whelan – Calgary, Alberta – Executive Vice President

Mr. Whelan is a co-founder of Westleaf and brings over 30 years of executive leadership and entrepreneurial experience. Mr. Whelan previously served as the Founder and CEO of Atlantic Directional Inc. which he sold to Ensign Energy Services in 2011. Mr. Whelan recently served on the board of Praxis LLC, a high growth cannabis retail product company and negotiated the sale of the Canadian distribution rights for Foria Pleasure to Canopy Growth Corporation in 2017. Mr. Whelan is 53 years old. Upon Completion of the Transaction, Mr. Whelan will serve part-time as an officer of the Resulting Issuer.

Stephen Mason – Calgary, Alberta – Executive Chairman and Director

Mr. Mason, age 64, is a co-founder of Westleaf and brings over 38 years of experience in developing domestic and international business opportunities. Mr. Mason has led the start-up of five companies with the most significant being Artumas Group Inc., which reached an enterprise value of $1 billion with over 200 employees in Canada, Tanzania, and Mozambique. Mr. Mason brings extensive experience in interfacing with high-level government policy makers, First Nations communities, and non-government agencies. Mr. Mason will be appointed as a director of the Resulting Issuer upon completion of the Proposed Transaction.

Robb McNaughton – Calgary, Alberta – Director

Mr. McNaughton, age 49, is a partner at Border Ladner Gervais LLP in the M&A and Capital Markets Group. Mr. McNaughton is a national leader in public listings, including *via* capital pool companies and is a member of the TSX Venture Exchange Local Advisory Committee (Alberta). Mr. McNaughton worked from September 2002 to November 2003 as the Vice-President of Strategy and Corporate Operations at Assante Corporation, which was a financial services company formerly listed on the Toronto Stock Exchange that was sold to CI Financial in 2003 for approximately $850 million. Mr. McNaughton will be appointed as a director of the Resulting Issuer upon completion of the Proposed Transaction.

Kareen Stangherlin – Calgary, Alberta – Director

Ms. Stangherlin, age 43, has over two decades of senior financial and operational experience with sixteen years of direct investment experience. Ms. Stangherlin has played key roles in launching and growing two successful Calgary-based investment firms from initial fund to firms with more than $1 billion in assets under management.

Ms. Stangherlin is a Board Member of the $15B Alberta Teachers Retirement Fund (ATRF) pension and Chairs the Finance and Planning Committee for ATRF. She is also a Council Member of the Canadian Advocacy Council for CFA Societies Canada. Ms. Stangherlin is a Chartered Professional Accountant, a Chartered Financial Analyst, and a Certified Financial Planner, with an undergraduate degree in Accounting from the Haskayne School of Business at the University of Calgary. Ms. Stangherlin has earned the ICD.D designation from the Institute of Corporate Directors. Ms. Stangherlin will be appointed as a director of the Resulting Issuer upon completion of the Proposed Transaction.

Delbert Wapass – Turtleford, Saskatchewan – Director

Mr. Wapass, age 50, has been the Chief of Thunderchild First Nation for two terms and was previously an executive member with the Federation of Saskatchewan Indian Nations (FSIN) for two terms. Prior roles include teaching, school administration, researching, governance negotiating, public relations, human resources, and finance. Mr. Wapass holds a Bachelor of Arts degree from Saskatchewan Indian Federated College (now First Nations University of Canada), a Bachelor of Education degree from the University of Saskatchewan, and a Master's degree in Educational Administration from the University of Saskatchewan. Mr. Wapass will be appointed as a director of the Resulting Issuer upon completion of the Proposed Transaction.

Corporate Cease Trade Orders

Other than otherwise disclosed herein, no director, officer, Insider or Promoter of the Resulting Issuer, or any shareholder holding a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer is or has within the 10 years before the date of the prospectus been a director, officer, Insider or Promoter of any other Issuer that, while such person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the Issuer access to any exemptions under applicable securities legislation for a period of more than 30 consecutive days or became a bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Mr. McNaughton was a director of Brevia Energy Inc. which was a private oil and gas company incorporated and active in Alberta, Canada and filed for receivership in February of 2016.

Bankruptcies

None of the directors, officers, or promoters of the Resulting Issuer, or a shareholder holding a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, or any personal holding companies of the foregoing, within ten years prior to the date of this Filing Statement has been a director, officer, or promoter of any company, as applicable, that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager, or trustee appointed to hold its assets.

Penalties or Sanctions

No director, officer, Insider, or Promoter of the Resulting Issuer, or a shareholder of the Resulting Issuer holding a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

There are potential conflicts of interest to which the directors, proposed directors and officers of the Resulting Issuer will be subject with respect to the operations of the Resulting Issuer. Certain of the directors, proposed directors and/or officers serve as directors and/or officers of other companies or have significant shareholdings in other companies. Any conflicts of interest will be subject to and governed by the law applicable to directors and officers

conflicts of interest, including the procedures prescribed by the ABCA. The ABCA requires that directors and officers of the Resulting Issuer, who are also directors or officers of a party which enters into a material contract with the Resulting Issuer or otherwise have a material interest in a material contract entered into by the Resulting Issuer, must disclose their interest and, in certain instances, refrain from voting on any resolution of the Resulting Issuer's directors to approve the contract.

Standing Committees of the Board

The Resulting Issuer will have an Audit Committee comprised of the following three directors: Kareen Stangherlin, Chair; Robb McNaughton, and Stephen Mason. The Resulting Issuer will have a Compensation Committee comprised of the following two directors: Kareen Stangherlin and Robb McNaughton.

Promoter Consideration

Other than Pat Whelan, Scott Hurd, Taylor Ethans, and Stephen Mason, there is no person or company that will be considered a Promoter of the Resulting Issuer.

Other Reporting Issuer Experience

The following table sets out the proposed directors and officers of the Resulting Issuer that are, or have been within the last five years, directors, officers, or promoters of other reporting issuers.

Name of Director, Officer or Promoter	Name of Reporting Issuer	Markets	Position	Term
Stephen Mason	Artumas Group Inc.	Oslo Bors	President & CEO	July 2005 to March 2009
Robb McNaughton	eQube Gaming Limited	TSXV	Director	October 2011 to April 2017
	Global Investments Capital Corp.	TSXV	Director	September 2017 to Present
	Integrated Compliance Solutions Inc.	TSXV	Director	June 2018 to Present
	The Needle Capital Corp.	TSXV	Director	September 2016 to September 2018
	Goldbelt Empires Limited	TSXV	Director	October 2015 to December 2016
	Richmond Road Capital Corp.	TSXV	Director	September 2012 to Present
	QE2 Acquisition Corp.	TSXV	Director	October 2014 to December 2014
	Richmond Row Capital Corp.	TSXV	Director	November 2010 to August 2012
	Metropolitan Mining Corp.	TSXV	Director	March 2011 to July 2011

EXECUTIVE COMPENSATION

The following disclosure of executive compensation is made in accordance with the requirements of NI 51-102 and Exchange Form 3D2 – *Information Required in a Filing Statement for a Reverse Takeover or Change of Business*. For the purposes of Exchange Form 3D2, disclosure is required to be made for the Resulting Issuer's CEO and three most highly compensated executive officers regardless of the amount of their compensation (collectively, the "**Resulting Issuer Named Executive Officers**"). The following table sets forth the expected annual and long-term compensation of the Resulting Issuer Named Executive Officers for services in all capacities to the Resulting Issuer and its Subsidiaries for the 12 months following Completion of the Transaction:

Non-Equity Incentive Plan Compensation									
Name and Principal Position	Year Ended	Salary	Share-Based Awards	Option-Based Awards	Annual Incentive Plans (1)	Long-Term Incentive Plans	Pension Value	All Other Compen-sation	Total Compen-sation
Scott Hurd President, Chief Executive Officer, and Director	2018	$150,000	Nil	$667,970	Nil	Nil	Nil	Nil	$817,970
Taylor Ethans Chief Financial Officer, Head of Mergers and Acquisitions and Corporate Secretary	2018	$145,000	Nil	$561,095	Nil	Nil	Nil	Nil	$706,095
Pat Whelan Executive Vice President	2018	$100,000	$42,500	Nil	Nil	Nil	Nil	Nil	$142,500
Shon Williams Chief Development Officer, Westleaf International Inc.	2018	$165,000	$1,402,500	Nil	Nil	Nil	Nil	Nil	$1,567,500
Ben Kaanta Chief Operating Officer, Westleaf International Inc.	2018	$165,000	$1,402,500	Nil	Nil	Nil	Nil	Nil	$1,567,500
Christian Monson Chief Legal Officer & VP of Strategy, Westleaf International Inc.	2018	$165,000	$1,402,500	Nil	Nil	Nil	Nil	Nil	$1,567,500

Notes:

(1) Estimated Annual Incentive Plans including stock and cash bonus will be reviewed and determined at the discretion of the Board of Westleaf.

Disclosure of the executive officers of Westleaf is set forth herein. It is anticipated that the compensation payable by the Resulting Issuer will mirror that currently applicable in respect of Westleaf. See "*Part II – Information Concerning Westleaf – Executive Compensation*".

INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND OTHER MANAGEMENT

No person who is a director or officer of IGC, Westleaf, or is proposed to be a director or officer of the Resulting Issuer, or any associate of the foregoing, is: (a) indebted to IGC or Westleaf or a Subsidiary of IGC; or (b) is indebted to another entity which indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by IGC, Westleaf, or a Subsidiary of Westleaf.

INVESTOR RELATIONS ARRANGEMENTS

Neither IGC nor Westleaf has entered into any written or oral agreement or understanding with any person to provide any promotional or investor relations services for the Resulting Issuer or its securities or to engage in activities for the purpose of stabilizing the market. Any such agreement or understanding that may be entered into following the Completion of the Transaction will be at the determination of the Board of the Resulting Issuer.

OPTIONS TO PURCHASE SECURITIES

Stock Option Plan

Options to Purchase Securities

Upon Completion of the Transaction, it is expected that the Resulting Issuer will have 3,014,000 Resulting Issuer Options issued and outstanding.

ESCROWED SECURITIES

Resulting Issuer Escrow Shares

The following table sets out, as of the date hereof and to the knowledge of IGC and Westleaf, the name and municipality of residence of the current security holders of Westleaf who will be issued Resulting Issuer Shares in connection with the Transaction which will be Resulting Issuer Escrow Shares and subject to Tier 2 value escrow.

		Prior to Giving Effect to the Transaction		After Giving Effect to the Transaction	
Name and Municipality of Residence of Securityholder	**Designation of class**	**Number of securities held in escrow**	**Percentage of class**	**Number of Resulting Issuer Shares to be held in escrow**	**Percentage of class[(1)]**
Stephen Mason Calgary, Alberta	Resulting Issuer Shares	6,500,000	7.90%	6,500,000	7.56%
Scott Hurd Calgary, Alberta	Resulting Issuer Shares	6,500,000	7.90%	6,500,000	7.56%
Taylor Ethans Calgary, Alberta	Resulting Issuer Shares	6,500,000	7.90%	6,500,000	7.56%
Pat Whelan Calgary, Alberta	Resulting Issuer Shares	6,500,000	7.90%	6,500,000	7.56%
Robb McNaughton Calgary, Alberta	Resulting Issuer Shares	50,000	0.06%	50,000	0.06%
Kareen Stangherlin Calgary, Alberta	Resulting Issuer Shares	140,000	0.15%	140,000	0.16%
Adam Coates Calgary, Alberta	Resulting Issuer Shares	40,000	0.05%	40,000	0.05%
Thunder Developments Inc. Turtleford, Saskatchewan	Resulting Issuer Shares	16,000,000	19.43%	16,000,000	18.61%

Notes:

(1) Based on a total of 85,975,699 Resulting Issuer Shares issued and outstanding.

The Resulting Issuer Shares are Tier 2 "Value Securities" as defined in the Escrow Policy and the Resulting Issuer Escrow Shares shall be released in accordance with the following timeline provided by the Escrow Policy. In

addition, Resulting Issuer Escrow Shares issued to Westleaf seed share investors who are not "Principals" of the Resulting Issuer as defined in the policies of the TSXV shall also be released in accordance with the below timeline:

Release Dates	Percentage of Total Escrowed Securities to be Released	Cumulative Percentage of Total Escrowed Securities to be Released
Date of Final Exchange Bulletin	10%	10%
6 months following Final Exchange Bulletin	15%	25%
12 months following Final Exchange Bulletin	15%	40%
18 months following Final Exchange Bulletin	15%	55%
24 months following Final Exchange Bulletin	15%	70%
30 months following Final Exchange Bulletin	15%	85%
36 months following Final Exchange Bulletin	15%	100%

General Information Concerning Escrowed Securities

Holders of securities of the Resulting Issuer held in escrow may generally exercise voting rights attaching to such securities. However, no holder of securities held in escrow shall vote any securities in support of one or more arrangements that would result in the repayment of capital being made on the securities prior to a winding up of the Resulting Issuer. Generally, holders of securities in escrow do not see their right to receive a dividend or other distribution on the securities impaired.

Where escrowed securities of the Resulting Issuer are held by a company, such company will be required to agree not to carry out, while its Resulting Issuer Shares are in escrow, any transaction that would result in the change of control of the company. Any such company will be required to further undertake to the TSXV that, to the extent reasonably possible, it will not permit or authorize any issuance of securities or transfer of securities that could reasonably result in a change of control of the company.

All holders of escrowed shares must obtain TSXV consent to transfer Resulting Issuer Shares then subject to escrow, other than in specified circumstances set out in the applicable escrow agreement.

AUDITOR, TRANSFER AGENT AND REGISTRAR

Auditor

The auditor of the Resulting Issuer is MNP LLP at their Calgary office located at 1500, 640 – Avenue SW, Calgary, Alberta, T2P 3G4.

Transfer Agent and Registrar

The transfer agent and registrar of the Resulting Issuer will be Computershare Trust Company of Canada at its Vancouver office, located at 510 Burrard Street, Vancouver, British Columbia, V6C 3B9.

GENERAL MATTERS

SPONSORSHIP AND AGENT RELATIONSHIPS

Sponsorship

Westleaf and IGC have obtained an exemption from the sponsorship requirements of the Exchange.

Agent Relationships

IGC and Westleaf have not entered into an agreement with any registrant to provide sponsorship or corporate finance services, either now or in the future.

EXPERTS

Opinions

The following professional persons have prepared reports or have provided opinions that are either included or referenced within this Filing Statement:

1. Buckley Dodds LLP has provided auditor's reports on the audited financial statements of IGC included in this Filing Statement.

2. MNP LLP has provided auditor's reports on the audited financial statements of Westleaf included in this Filing Statement.

Interest of Experts

Buckley Dodds LLP is the auditor for IGC and MNP LLP is the auditor for Westleaf. As of the Filing Statement Date, no professional person who has provided an opinion or report referenced in this Filing Statement, currently holds more than 1% of the issued and outstanding IGC Shares and upon completion of the Transaction, will not hold more than 1% of the issued and outstanding Resulting Issuer Shares, and no such professional person is expected to be elected, appointed or employed as a director, officer or employee of the Resulting Issuer or of its Associates or Affiliates.

OTHER MATERIAL FACTS

There are no material facts about IGC, Westleaf, the Resulting Issuer, or the Transaction that are not disclosed within this Filing Statement and which are necessary in order for this Filing Statement to contain full, true and plain disclosure of all material facts relating to IGC, Westleaf, or the Resulting Issuer assuming Completion of the Transaction.

BOARD APPROVAL

The Board of IGC has approved the contents of this Filing Statement.

PART V. RISK FACTORS

An investment in IGC, Westleaf, and the Resulting Issuer is subject to various risks and should be considered highly speculative. Investors should consider the following risk factors in addition to those outlined or otherwise referred to in this Filing Statement and the Appendices hereto.

Prior to making an investment decision, investors should consider the investment risks set forth below and those described elsewhere in this Filing Statement, which are in addition to the usual risks associated with an investment in a business at an early stage of development. The directors of IGC and Westleaf consider the risks set forth below to be the most significant, but do not consider them to be all of the risks associated with an investment in securities of IGC, Westleaf, or the Resulting Issuer. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the directors are currently unaware or which they consider not to be material in connection with the Resulting Issuer's business, actually occur, the Resulting Issuer's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of the Resulting Issuer's securities could decline and investors may lose all or part of their investment.

RISK FACTORS RELATING TO IGC RESOURCES INC.

The Transaction May Not be Completed

The Transaction is subject to final acceptance of the Exchange. There can be no assurance that all of the necessary regulatory approvals will be obtained. If the Transaction contemplated by the Amalgamation Agreement is not completed for these reasons or for any other reason, including as a result of the termination of the Amalgamation Agreement by the parties to that agreement, IGC will have incurred significant costs associated with the failed implementation of the Transaction. Furthermore, IGC has only limited funds with which to identify and evaluate potential Transactions and there can be no assurance that IGC will be able to identify a suitable Transaction in the future. Even if a proposed Transaction is identified in the future, there can be no assurance that IGC will be able to successfully complete such transaction and the completion of such other Transaction is subject to a number of conditions including acceptance by the Exchange.

Management and Conflicts of Interest

The ability of IGC to successfully complete the Transaction is dependent on the performance of its current directors and officers, who only devote a portion of their time to the business and affairs of IGC and are, or will be, engaged in other projects or businesses. The current directors, officers, Control Persons and Promoters of IGC also serve as directors and/or officers of other companies which may compete with IGC in its search for the businesses or assets targeted in order to complete the Transaction. Accordingly, situations may arise where the directors, officers, Control Persons and Promoters of IGC are in a position of conflict with IGC.

RISK FACTORS RELATING TO WESTLEAF

The securities of Westleaf (and correspondingly those of the Resulting Issuer) should be considered highly speculative due to the nature of the Resulting Issuer's proposed business and the present stage of Westleaf's development. A prospective investor should consider carefully the risk factors set out below. In addition, prospective investors should carefully review and consider all other information contained in this Filing Statement before making an investment decision. An investment in securities of Westleaf or the Resulting Issuer should only be made by persons who can afford a significant or total loss of their investment.

The risks and uncertainties described below are those that Westleaf's management believes are material, but these risks and uncertainties may not be the only ones that Westleaf or the Resulting Issuer may face. Additional risks and uncertainties, including those that Westleaf's management currently are not aware of or deem immaterial, may also result in decreased operating revenues, increased operating expenses or other events that could result in a decline in the value of any securities of Westleaf or the Resulting Issuer. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this Filing Statement. All risk factors of Westleaf referenced below and elsewhere in this Filing Statement are also risk factors of the Resulting Issuer.

Availability of Financing

Westleaf has limited financial resources and there is no assurance that additional funding will be available to Westleaf for further operations or to fulfill their respective obligations under current agreements. There is no assurance that Westleaf can generate sufficient revenues to operate profitably, or provide a return on investment, or that they will successfully implement their plans.

The ability of Westleaf to arrange financing in the future will depend in part upon prevailing capital market conditions, as well as upon the business success of Westleaf and the success of cannabis usage in general. There can be no assurance that Westleaf will be successful in its efforts to arrange additional financing, or that such financing will be available on terms satisfactory to Westleaf. If additional financing is raised by the issuance of shares or other forms of convertible securities from treasury, control of Westleaf may change and shareholders may suffer additional dilution. Similarly, future acquisitions may be funded in part by equity of a proposed acquisition target as may be determined by the directors from time to time. Any such arrangement could have a dilutive effect on the interest of shareholders of Westleaf.

If adequate funds are not available, or are not available on acceptable terms, Westleaf may not be able to take advantage of opportunities, or otherwise respond to competitive pressures and remain in business.

Limited Operating History

Westleaf is subject to many of the risks common to entering a new area of investment, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources, and a lack of revenue. There is no assurance that Westleaf will be successful in achieving a return on its shareholders' investments and the likelihood of success must be considered in light of its early stage of operations.

Profitability

There is no assurance that Westleaf will earn profits in the future, or that profitability will be sustained. There is no assurance that future revenues will be sufficient to generate the funds required to continue Westleaf's business development and marketing activities. If Westleaf does not have sufficient capital to fund its operations, it may be required to reduce its sales and marketing efforts or forego certain business opportunities.

Expansion of Facilities

Any expansion of the Westleaf's facilities is subject to various potential problems and uncertainties, and may be delayed or adversely affected by a number of factors beyond the Westleaf's control. These uncertainties include the failure to obtain regulatory approvals, permits, delays in the delivery or installation of equipment by suppliers, difficulties in integrating new equipment with existing facilities, shortages in materials or labor, defects in design or

construction, diversion of management resources, and insufficient funding or other resource constraints. The actual cost of construction may exceed the amount budgeted for expansion. As the result of construction delays, cost overruns, changes in market circumstances or other factors, Westleaf may not be able to achieve the intended economic benefits from the expansion of operations, which in turn may affect the Westleaf's business, prospects, financial condition and results of operations.

Reliance on Licenses

Westleaf's ability to produce, store and sell dried marihuana and cannabis oil in Canada is dependent on becoming a Licensed Producer. Any changes to the Company's Applications (e.g., changes in Key Personnel, officers, directors, or physical security measures, etc.) may result in additional processing times. The quality, completeness, and complexity of license applications are key variables affecting application processing times. There are over 100 applications currently in the review stage. The timeline of the Applications cannot be predicted. However, it may take several months for file review and communications with the OMC for additional information and clarifications to support the Applications.

Westleaf's ability to grow, store, and sell cannabis in Canada is dependent on a license. The license issued by Health Canada is subject to ongoing compliance and reporting requirements. Failure to comply with the requirements of the license or any failure to maintain the license would have a material adverse impact on the business, financial condition, and operating results of Westleaf. If the Applications are successful, there is no guarantee that the license will be extended or renewed on the same or similar terms. Should Health Canada not issue, extend, or renew the license or should it renew the license on different terms, the business, financial condition, and results of the operation of Westleaf would be materially adversely affected.

Consumer Perception of the Recreational Cannabis Market

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

Attracting Customers

Westleaf's cash-flow and desired revenue is dependent on its ability to attract customers. A high level of marketing to achieve initial sales of Westleaf's product in the market will be imperative to realize adequate cash-flow; however, as Westleaf is a young company, it may not be able to attract enough customers to allow it to achieve its cash-flow breakeven point.

Customer Demand

Upon the introduction of its product to the market, Westleaf plans to target a large and diverse customer base to achieve its desired revenues. Westleaf is working towards identifying and providing products that appeal to such a customer base in an effort to achieve these desired revenues. Westleaf's ability to attract customers is dependent on

a number of factors including but not limited to offering high quality products at competitive prices, the strength of its competitors and the abilities of its sales and marketing teams. The failure of Westleaf to attract new customers or to obtain new business from existing customers may mean that the Resulting Issuer will not increase its revenues as quickly as is anticipated, if at all.

Ability to Successfully Execute Strategies

If Westleaf fails to execute any element of its strategy in a timely and effective manner, competitors may be able to seize marketing opportunities that Westleaf has identified. Westleaf's business strategy will require that it successfully and simultaneously complete many tasks. In order to be successful, Westleaf must: (i) attract and retain customers; (ii) hire, train and retain quality employees; and (iii) evolve Westleaf's business to gain advantages in a competitive environment.

Reliance on Suppliers and Skilled Labour

The ability of Westleaf to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to the raw products, supplies and skilled labour it requires to develop or grow its product. No assurances can be given that Westleaf will be successful in maintaining its required supply of skilled labour and raw products.

Seasonality of the Business

Westleaf's sales may be subject to quarterly and seasonal variations that may cause significant fluctuations in operating results.

Reliance on Key Personnel

Westleaf is, and the Resulting Issuer will be, substantially dependent upon the services of its management team for the successful operation of its business. The loss of the services of any of these individuals could have a material adverse effect on the business of the Resulting Issuer. If the Resulting Issuer cannot successfully recruit and retain the employees it needs, or replace key employees following their departure, the Resulting Issuer's ability to develop and manage its business will be impaired.

Management of Growth

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

Private Corporation Risks

Investments in private entities cannot be resold without a prospectus, an available prospectus exemption or an appropriate ruling under relevant securities legislation. Even if they can be sold, there may not be a market for such securities. This may impair Westleaf's ability to react quickly to market conditions or negotiate the most favourable terms for exiting such investments. Investments in private corporations may offer relatively high potential returns, but will also be subject to a relatively high degree of risk. The process of valuing investments in private corporations will inevitably be based on inherent uncertainties and the resulting values may differ from values that would have been used had a ready market existed for the investments.

Changes in Laws, Regulations, and Guidelines

While to the knowledge of management, Westleaf is currently in compliance with all laws, any changes to laws, regulations, guidelines and policies due to matters beyond the control of Westleaf may cause adverse effects to its operations.

Loss of Investment Risk

An investment in Westleaf is speculative and may result in the loss of a substantial portion of an investment. Only potential investors who are experienced in high risk investments and who can afford to lose a substantial portion of their investment should consider an investment in Westleaf.

No Guaranteed Return

There is no guarantee that an investment in Westleaf will earn any positive return in the short term or long term.

Employee Regulations

Westleaf is exposed to the risk of employee fraud and other misconduct. Employee fraud includes intentional failure to comply with regulations, intentional failure to provide accurate information to regulatory authorities and intentional failure to comply with industry standards. Other misconduct includes failure to report financial information accurately, failure to disclose unauthorized activities to Westleaf, and the improper use of information obtained in the course of employment. Employee misconduct resulting in legal action, significant fines or other sanctions could result in a material adverse effect to Westleaf's consolidated business, results of operations or financial condition.

Litigation

Westleaf may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which Westleaf becomes involved be determined against Westleaf such a decision could adversely affect Westleaf's ability to continue operating and the market price for the common shares and could use significant resources. Even if Westleaf is involved in litigation and wins, litigation can redirect significant Westleaf resources. Litigation may also create a negative perception of Westleaf's brand.

Protection of Intellectual Property Rights

The future success of Westleaf's business is dependent upon the intellectual property rights surrounding certain technology held by Westleaf, including trade secrets, know-how and continuing product innovation. Although Westleaf seek to protect proprietary rights, their actions may be inadequate to protect any proprietary rights or to prevent others from claiming violations of their proprietary rights. There can be no assurance that other companies are not investigating or developing other products that are similar to the products of Westleaf. In addition, effective intellectual property protection may be unenforceable or limited in certain countries. Any of these claims, with or without merit, could subject Westleaf to costly litigation. If the protection of proprietary rights is inadequate to prevent unauthorized use or appropriation by third parties, the value of Westleaf's intangible assets may be diminished. Any of these events could have an adverse effect on Westleaf's business and financial results.

Global Economic and Financial Deterioration Impeding Access to Capital or Increasing the Cost of Capital

Market events and conditions, including disruption in the Canadian, U.S. and international financial markets and other financial systems and the deterioration of Canadian, U.S. and global economic and financial market conditions, could, among other things, impact currency trading and impede access to capital or increase the cost of capital, which would have an adverse effect on Westleaf's ability to fund its working capital and other capital requirements.

Dividends

Any decision to declare and pay dividends in the future will be made at the discretion of Westleaf's Board and will depend on, among other things, financial results, cash requirements, contractual restrictions and other factors that the Board may deem relevant. As a result, investors may not receive any return on an investment in the common shares unless they sell their shares of Westleaf for a price greater than that which such investors paid for them. Westleaf has no earnings or dividend record and may not pay any dividends on its common shares in the foreseeable future. Dividends paid by Westleaf could be subject to tax and, potentially, withholdings.

RISK FACTORS RELATING TO THE RESULTING ISSUER

Regulatory Risks

The Resulting Issuer will operate in a new industry which is highly regulated, highly competitive and evolving rapidly. As such, new risks may occur and the Resulting Issuer may not be able to predict all such risks or be able to predict how such risks may result in actual results differing from the results contained in any forward-looking statements. The Resulting Issuer's business is subject to the Cannabis Act. The Resulting Issuer's ability to market and sell recreational cannabis products to the public in Canada is dependent on its ability to obtain the applicable license(s) pursuant to the CTLS and any provincial and municipal authorities for retail sales and maintaining such license(s) in good standing. Failure to: (i) comply with the requirements of the applicable license(s) to allow for sale of recreational cannabis products to the public; and (ii) maintain these license(s) in good standing would have a material adverse impact on the business, financial condition and operating results of the Resulting Issuer. The Resulting Issuer will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions of the Resulting Issuer's operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Resulting Issuer's operations, increased compliance costs or may give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Resulting Issuer. The industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond the Resulting Issuer's control and which cannot be predicted, including changes to government regulations. Changes in government levies and taxes could reduce the Resulting Issuer's earnings and could make future capital investments or the Resulting Issuer's operations uneconomic. The recreational cannabis industry is also subject to numerous legal challenges, which may significantly affect the financial condition of market participants and which cannot be reliably predicted. In addition to being subject to general business risks and to risks inherent in the nature of an early stage business in a regulated industry, the Resulting Issuer will need to continue to build brand awareness through significant investment in strategy, production capacity and quality assurance. The Resulting Issuer's brand and products may not be effectively promoted as intended. The recreational cannabis industry is marked by competitive conditions, consumer tastes and unique circumstances, and spending patterns that differ from existing markets.

Changes in Laws, Regulations, and Guidelines Pertaining to Retail

The provincial legislative and operational framework pertaining to the distribution of cannabis varies among provinces and territories and could result in additional provincial and territorial regulations, creating additional compliance and other costs and/or limitations on the Resulting Issuer's ability to participate in such markets. There is no guarantee that provincial legislation regulating the distribution and sale of cannabis for adult-use purposes will be enacted according to all the terms announced by such provinces, or at all, or that any such legislation, if enacted, will create the growth opportunities that the Resulting Issuer currently anticipates. While the impact of any new legislative framework for the regulation of the Canadian adult-use cannabis market is uncertain, any of the foregoing could result in a material adverse effect on the Resulting Issuer's business, financial condition, and results of operation. The asymmetrical regulatory and market environment for cannabis in each of the provinces and territories could materially and adversely affect the business, financial condition, and results of operations of the Resulting Issuer.

The governments of every Canadian province and territory have, to varying degrees, announced regulatory regimes for the distribution and sale of cannabis for adult-use purposes within those jurisdictions as more fully described immediately below. The provincial regimes governing adult-use cannabis is uncertain.

British Columbia

In December 2017, the Government of British Columbia announced that adult-use cannabis will be sold in that province through both public and privately operated stores. The British Columbia Liquor Distribution Branch will be responsible for the public retail stores and will also be the province's wholesale distributor of non-medicinal cannabis. Licensing and monitoring of private retail stores will be the responsibility of the Liquor Control and Licensing Branch. Adults will be allowed to use cannabis in places where tobacco smoking and vaping are permitted, but will be banned from smoking and vaping in areas frequented by children including beaches, parks, and playgrounds, and the use of cannabis in any form will be banned for all occupants in vehicles. British Columbia

allows for personal cultivation of up to four cannabis plants per household, but the province allows landlords to prohibit home cultivation. British Columbia has now passed the *Cannabis Control and Licensing Act* to provide for legal, controlled access to cannabis in British Columbia, and sets nineteen as the provincial minimum age to purchase, sell, or consume cannabis. In addition, adults are allowed to possess up to thirty (30) grams of cannabis in a public place.

Alberta

Alberta allows for the purchase of cannabis through privately run retail stores and government-operated online sales. The Alberta Gaming and Liquor Commission is the sole wholesale distributor in the province. Consumption of cannabis is allowed anywhere that tobacco consumption is permitted, but cannabis use is banned in vehicles. Smoking and vaping cannabis is prohibited on hospital, school, or child care properties, and within prescribed distances of areas such as playgrounds, sports fields, and outdoor pools. Albertans are allowed to grow up to four plants per household, and there is a possession limit of 30 grams of cannabis in a public place. Renters, condo-dwellers, and those living in multi-family dwellings may be restricted from growing cannabis in their homes due to rules established in rental agreements or condominium bylaws.

Saskatchewan

Both wholesaling and retailing of adult-use cannabis is conducted by private companies, and is regulated by the Saskatchewan Liquor and Gaming Authority. The Saskatchewan Liquor and Gaming Authority will issue approximately sixty (60) retail permits to private stores located in roughly 40 municipalities and First Nations across the province. Municipalities have the option of opting out of having a cannabis store if they choose. Landlords have the right to impose rules prohibiting the possession, use, and sale of cannabis in a rental unit. Saskatchewan has set a minimum age for cannabis consumption of nineteen and the province also restricts possession to 30 grams in public or four cannabis plants for personal use, and restricts consumption to private places except as exempted by regulation.

Manitoba

The Government of Manitoba has adopted a “hybrid model” for cannabis sales, whereby the retail sale of cannabis is conducted by private retailers under the regulation and supervision of the Manitoba Liquor and Gaming Authority, and the supply of cannabis in the province is secured and tracked by the Manitoba Liquor and Lotteries Corporation. Following an application process between November and December 2017, the Government of Manitoba selected four groups to operate retail sales of cannabis in the province. The Government of Manitoba has set the legal age for the use, purchase, and possession of non-medicinal cannabis at nineteen.

Ontario

The Government of Ontario released regulations that will guide the startup of private cannabis stores on April 1, 2019. The stand-alone stores can be open any day between 9 a.m. and 11 p.m., but they must be at least 150 metres away from schools and bar entry to anyone under 19 years old. A market concentration limit of 75 stores per operator has been set. Until April 1, 2019, cannabis can only be legally purchased from the online Ontario Cannabis Store. Applications for licenses will begin on December 17, 2018 and illegal cannabis retailers who were operating after legalization on October 17, 2018 will not be eligible to receive cannabis sales licenses.

Provincial Legislation for Licensing and Retailing of Cannabis Varies

Successful execution of the Resulting Issuer’s strategy is contingent, in part, upon compliance with regulatory requirements enacted by governmental authorities, and obtaining all regulatory approvals, where necessary, for the sale of the Resulting Issuer’s products. The Resulting Issuer will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties, or in restrictions on the Resulting Issuer’s proposed operations. In addition, changes in regulations, more vigorous enforcement thereof, or other unanticipated events could require extensive changes to the Resulting Issuer’s proposed operations, increased compliance costs, the inability to obtain a retail license from a particular provincial authority or give rise to material liabilities, which could have a material adverse effect on the proposed business, financial condition and operating results of the Resulting Issuer.

Risks of Retail Store Operations and Leases and Battleford Facility Lease

Growth of the Resulting Issuer's retail network depends, among other things, on the Resulting Issuer's ability to secure desirable locations on terms acceptable to the Resulting Issuer. The Resulting Issuer faces competition for retail locations from its competitors and from operators of other businesses. The success of many cannabis retail locations is significantly influenced by location. There can be no assurance that the Resulting Issuer's retail locations will continue to be attractive, or that additional retail storefronts can be located and secured as demographic and traffic patterns change. Also, there is no guarantee that the property leases in respect of prospective retail locations can be established on terms acceptable to the Resulting Issuer, or at all, and that property leases in respect of existing retail locations will be renewed or that suitable alternative locations can be obtained. It is possible that the locations or economic conditions where retail locations are located could decline in the future, resulting in reduced sales in those locations. There is also no guarantee that the Resulting Issuer will be able to negotiate a lease relating to the Battleford Facility on terms acceptable to the Resulting Issuer or at all.

Environmental and Employee Health and Safety Regulations

The Resulting Issuer's operations are subject to environmental and safety laws and regulations concerning, among other things, emissions and discharges to water, air and land, the handling and disposal of hazardous and nonhazardous materials and wastes, and employee health and safety. The Resulting Issuer will incur ongoing costs and obligations related to compliance with environmental and employee health and safety matters. Failure to comply with environmental and safety laws and regulations may result in additional costs for corrective measures, penalties or restrictions on the Resulting Issuer's manufacturing operations. Changes in environmental, employee health and safety, or other laws, more vigorous enforcement thereof or other unanticipated events could require extensive changes to current operations or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Resulting Issuer.

Changes in Laws, Regulations and Guidelines

The Resulting Issuer's operations are subject not only to a variety of laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of recreational cannabis products, but also to regulations relating to health and safety, privacy, the conduct of operations and the protection of the environment in the jurisdictions in which they operate. Changes to such laws, regulations and guidelines, including changes related to government taxes and levies, may materially and adversely affect the Resulting Issuer's businesses, financial conditions and results of operations.

Liquidity for the Resulting Issuer Shares

There is no assurance that there will be a liquid market for the Resulting Issuer Shares. Trading volumes for the Resulting Issuer Shares may fluctuate dramatically from day to day and from month to month. The stock market has, from time to time, experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance, net asset values or prospects of particular companies. There can also be no assurance that an active trading market in securities of the Resulting Issuer will be established and sustained. If an active public market for the Resulting Issuer Shares does not develop, the liquidity of a shareholder's investment may be limited and the share price may decline. Further, should investor interest in the Resulting Issuer wane, shareholders may find it difficult to sell their shares or may be unable to do so. Additionally, no assurance can be given as to the market price of the Resulting Issuer Shares after Completion of the Transaction. It is also unlikely that the Resulting Issuer will pay any dividends in the immediate future.

Volatile Share Price

The price of the Resulting Issuer Shares is expected to be highly volatile and could be drastically affected by governmental and regulatory regimes and community support for the recreational cannabis industry. The Resulting Issuer cannot predict the results of its operations expected to take place in the future. The results of these activities will inevitably affect the Resulting Issuer's decisions related to future operations and will likely trigger major changes in the trading price of the Resulting Issuer Shares.

Competition

The Canadian recreational cannabis industry is competitive in all of its phases. The Resulting Issuer will face strong competition from other companies. Many of these companies have greater financial resources, operational experience and technical capabilities than the Resulting Issuer. As a result of this competition, the Resulting Issuer may be unable to maintain its operations or develop them as currently proposed, on terms it considers acceptable or at all. Consequently, the revenues, operations and financial condition of the Resulting Issuer could be materially adversely affected. Health Canada has only issued to date a small number of licences to sell recreational cannabis. There are, however, several hundred applicants for licences. The number of licences granted could have an impact on the operations of the Resulting Issuer. Because of early stage of the industry in which Westleaf operates, the Resulting Issuer may face additional competition from new entrants. If the number of users of recreational cannabis in Canada is high, the demand for products will increase and the Resulting Issuer expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, the Resulting Issuer will require a continued high level of investment in research and development, marketing, sales and client support. The Resulting Issuer may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Resulting Issuer. Additionally, there is potential that the industry will undergo consolidation, creating larger companies that may have increased geographic scope and other economies of scale. Increased competition by larger, better-financed competitors with geographic or other structural advantages could materially and adversely affect the business, financial condition and results of operations of the Resulting Issuer.

Potential Conflicts of Interest

Some of the individuals who will be appointed as directors or officers of the Resulting Issuer are also directors and/or officers of other reporting and non-reporting issuers. As of the date of this Filing Statement, and to the knowledge of the directors and officers of IGC and Westleaf, there are no existing conflicts of interest between the Resulting Issuer and any of the individuals who will continue as directors or officers following the Completion of the Transaction. Additional situations may arise where the directors and/or officers of the Resulting Issuer may be in competition with the Resulting Issuer. Any conflicts will be subject to and governed by the law applicable to directors' and officers' conflicts of interest. In the event that such a conflict of interest arises at a meeting of the Resulting Issuer's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors of the Resulting Issuer are required to act honestly, in good faith and in the best interests of the Resulting Issuer.

Use of Funds

Although the use of available funds has generally been provided for in this Filing Statement, the Resulting Issuer cannot specify with certainty the amount of available funds which will be allocated for each purpose. Accordingly, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary or prudent. It is difficult at this time to definitively project the total funds necessary to effect the planned activities of the Resulting Issuer. For these reasons, management of the Resulting Issuer will have a reasonable degree of flexibility as to how the funds are employed among the uses identified above, or for other purposes, as the need arises.

Acquisitions

The Resulting Issuer may intend to acquire additional businesses in the future. Acquisitions involve a number of special risks, including diversion of management's attention, failure to retain key acquired personnel, unanticipated events or circumstances, and legal liabilities, some or all of which could have a material adverse effect on the business, results of operations and financial condition. In addition, there can be no assurance that the Resulting Issuer can complete any acquisition it pursues on favourable terms, that any acquired businesses, products or technologies will achieve anticipated revenues and income, or that any acquisitions completed will ultimately benefit the business. Furthermore, the potential funding of any such future acquisitions could require diversion of revenue or securing of debt or equity financings by the Resulting Issuer which could, in turn, result in a potentially dilutive issuance of equity securities. If a strategy of growth through acquisition is pursued, the failure of the Resulting Issuer to successfully manage this strategy could have a material adverse effect on the Resulting Issuer's business, results of operations and financial condition.

Foreign Currency Risk

The Resulting Issuer will be subject to risks and losses resulting from fluctuations in the relative value of the currencies of different countries where its customers, suppliers and operations are located. While the Resulting Issuer will attempt to be prudent in managing such foreign exchange risks, there can be no assurance that shareholders will not suffer losses in the future. Any such losses could have a material adverse impact on results of operations and cash available to support operations.

See also "*Part V – Risk Factors – Risk Factors Relating to Westleaf*" for a description of the risk factors relating to the Resulting Issuer.

APPENDIX A
FINANCIAL STATEMENTS OF IGC RESOURCES INC.



IGC RESOURCES INC.

Financial Statements

For the years ended July 31, 2018 and 2017

(Expressed in Canadian Dollars)

BUCKLEY DODDS LLP
Chartered Professional Accountants

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Vancouver, B.C. Canada V6E 4E6
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Fax: (604) 681-7716

INDEPENDENT AUDITORS' REPORT

To the Shareholders of IGC Resources Inc.

We have audited the accompanying financial statements of IGC Resources Inc., which comprise the statements of financial position as at July 31, 2018 and 2017, and the statements of changes in shareholders' equity (deficit), loss and comprehensive loss and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of IGC Resources Inc. as at July 31, 2018 and 2017, and its financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements, which indicates the existence of a material uncertainty that may cause significant doubt about IGC Resources Inc.'s ability to continue as a going concern.

Buckley Dodds LLP

Vancouver, British Columbia
November 15, 2018

Buckley Dodds LLP
Chartered Professional Accountants

IGC RESOURCES INC.
STATEMENTS OF FINANCIAL POSITION

Expressed in Canadian Dollars

		July 31, 2018		July 31, 2017
Current assets				
Cash	$	424,553	$	52
GST receivable		199		260
Prepaid expenses		833		833
Total assets	$	425,585	$	1,145
Current liabilities				
Accounts payable and accrued liabilities (note 5)	$	101,392	$	49,655
Loans payable (note 6)		-		28,018
Total liabilities		101,392		77,673
Shareholders' equity (deficit)				
Share capital (note 7)		11,346,618		11,035,454
Reserves		1,772,080		1,493,708
Deficit		(12,794,505)		(12,605,690)
Total shareholders' equity (deficit)		324,193		(76,528)
Total liabilities and shareholders' equity (deficit)	$	425,585	$	1,145

Nature of operations and going concern (note 1)
Subsequent events (note 11)

Approved on behalf of the Board of Directors:

(signed) _____ Director

The accompanying notes are an integral part of these financial statements

IGC RESOURCES INC.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)

Expressed in Canadian Dollars

	Share Capital		Reserves		Deficit	Total
	Number of Shares	Amount	Warrants	Contributed surplus		
Balance - July 31, 2016	2,656,443	$ 11,035,454	$ -	$ 1,493,708	$ (12,585,590)	$ (56,428)
Net loss for year		-	-	-	(20,100)	(20,100)
Balance - July 31, 2017	2,656,443	11,035,454	-	1,493,708	(12,605,690)	(76,528)
Non-brokered private placement	7,999,999	316,687	283,313	-	-	600,000
Capital raising costs		(5,523)	(4,941)	-	-	(10,464)
Net loss for year		-	-	-	(188,815)	(188,815)
Balance - July 31, 2018	10,656,442	$ 11,346,618	$ 278,372	$ 1,493,708	$ (12,794,505)	$ 324,193

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The accompanying notes are an integral part of these financial statements

IGC RESOURCES INC.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

Expressed in Canadian Dollars

	For the years ended July 31, 2018	2017
Operating expenses		
Accounting and audit (note 6)	$ 35,150	$ 5,800
General and administrative	115	408
Legal	26,669	3,857
Management consulting fees (note 6)	72,188	-
Office rental and services	37,500	-
Transfer agent, listing and filing fees	17,193	10,035
Net loss and comprehensive loss for year	$ (188,815)	$ (20,100)
Loss per share - basic and diluted	$ (0.03)	$ (0.01)
Weighted average number of shares outstanding - basic and fully diluted	5,527,675	2,656,443

The accompanying notes are an integral part of these financial statements

IGC RESOURCES INC.
STATEMENTS OF CASH FLOWS

Expressed in Canadian Dollars

	For the years ended July 31, 2018	2017
Operating activities		
Net loss for year	$ (188,815)	$ (20,100)
Changes in non-cash working capital items		
GST receivable	61	(156)
Accounts payable and accrued liabilities	51,737	5,053
Cash provided by (used in) operating activities	(137,017)	(15,203)
Financing activities		
Loan advances	11,160	15,101
Loan repayments	(39,178)	-
Shares and warrants issued for cash	600,000	-
Capital raising costs	(10,464)	-
Cash provided by (used in) financing activities	561,518	15,101
Increase (decrease) in cash	424,501	(102)
Cash - beginning of year	52	154
Cash - end of year	$ 424,553	$ 52

The accompanying notes are an integral part of these financial statements

Expressed in Canadian Dollars

1. NATURE OF OPERATIONS AND GOING CONCERN

IGC Resources Inc. (the "Company" or "IGC") was incorporated under the laws of British Columbia in 1992. On July 21, 2004, the Company changed its name from International Green Ice Inc. to IGC Resources Inc. Its principal business activities historically included the exploration and evaluation of natural resource properties in Canada. Presently, the Company is looking for a high-quality investment opportunity (note 11(b)). The Company was moved from the TSX Venture Exchange ("TSXV") to the NEX on July 10, 2014 due to its inability to meet its Tier 2 listing requirements. The Company is currently trading under the symbol IGC.H.

The address of the Company's corporate office is 228 16th Street Northwest, Calgary, Alberta T2N 2B9.

These financial statements are prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. At July 31, 2018, the Company had working capital of $324,193. During the year ended July 31, 2018, the Company had incurred a net loss totalling $188,815. The accumulated deficit at July 31, 2018 is $12,794,505. The Company has limited financial resources and has not been able to pay all of its accounts payable as they become due.

The ability of the Company to meet its commitments and ongoing operating expenses will depend upon the following:

- The ability to raise further funds through the issue of equity financing; and,
- Continued financial support from the creditors.

Although the Company has been successful in obtaining the necessary financing to continue operations in the past, there can be no assurance that it will be able to continue to do so in the future and such funds will be available on terms acceptable by the Company. These conditions cast significant doubt on the Company's ability to continue as a going concern.

While these financial statements have been prepared on the assumption that the Company is a going concern and will be able to realize its assets and meet its obligations in the normal course of operations, there are significant conditions and events that cast significant doubt on the validity of that assumption. These financial statements do not reflect all the adjustments to the carrying value of assets and liabilities and the reported expenses that would be necessary should the going concern assumption become inappropriate. These adjustments could be material.

2. STATEMENT OF COMPLIANCE

The financial statements of the Company comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The financial statements were authorized for issue by the Board of Directors on November 15, 2018.

3. ACCOUNTING POLICIES

These financial statements are prepared in Canadian dollars, which is also the functional currency.

a) Basis of presentation

These financial statements have been prepared on a historical cost basis except for certain assets which are measured at fair value. These financial statements have been prepared under the accrual basis of accounting, except for cash flow information.

The preparation of these financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. The areas involving a higher degree of judgement of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

Expressed in Canadian Dollars

3. ACCOUNTING POLICIES - CONTINUED

b) Cash

Cash is cash on deposit with banks.

c) Financial Instruments

All financial instruments are initially recognized at fair value on the statement of financial position. The Company has classified each financial instrument into one of the following categories: (1) financial assets or liabilities at fair value through profit or loss ("FVTPL"), (2) loans and receivables, (3) financial assets available-for-sale, (4) financial assets held-to maturity, and (5) other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

Financial assets and liabilities at FVTPL are subsequently measured at fair value with changes in those fair values recognized in net earnings. Financial assets "available-for-sale" are subsequently measured at fair value with changes in fair value recognized in net earnings.

Financial assets "held-to-maturity", "loans and receivables", and "other financial liabilities" are subsequently measured at amortized cost using the effective interest method.

The Company's financial assets and liabilities are recorded and measured as follows:

Asset or Liability	Category	Measurement
Cash	FVTPL	Fair value
Accounts payable	Other liabilities	Amortized cost
Loans payable	Other liabilities	Amortized cost

The Company determines the fair value of financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

Cash has been measured at fair value using Level 1 inputs.

Impairment of financial assets

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

Expressed in Canadian Dollars

3. ACCOUNTING POLICIES - CONTINUED

d) Share capital

i. Proceeds from the exercise of stock options and warrants, in addition to the estimated fair value attributable to these equity instruments, are recorded as share capital when exercised.
ii. Share capital issued for non-monetary consideration is recorded at an amount based on estimated fair market value reduced by an estimate of transaction costs incurred when such shares are issued for cash.
iii. On a unit offering, the Company prorates the proceeds between the relative fair values of the shares issued and the warrants issued.

e) Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares, which comprise share options granted and warrants outstanding.

When a loss is incurred during the reporting period, the exercise of options and warrants is considered anti-dilutive and the basic and diluted loss per share are the same.

f) Income taxes

Income tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination, or items recognized directly in equity or in the other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted on the statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or tax expense in the statement of equity in which case the related deferred tax is also recognized in equity in which case the related deferred tax is also recognized in equity, respectively.

Expressed in Canadian Dollars

3. ACCOUNTING POLICIES – CONTINUED

g) Share-based payment transactions

The Company grants stock options to directors, officers, employers and service providers. Each tranche in an award is considered a separate award with its own vesting period and fair values. The Company applies the fair-value method of accounting for share-based payments. The fair value is calculated using the Black-Scholes option pricing model.

Share-based payments for employees and others providing similar services are determined based on the grant date fair value. Share-based payments for non-employees is determined based on the fair value of the goods or services received unless the goods or service received by the entity as consideration cannot be specifically identified, in which case it is measured at the fair value of the share-based payment.

The share-based payment expense is recognized over each tranche's vesting period, in the statement of loss or capitalized as appropriate, based on the number of awards that vest less the estimated forfeitures. The number of forfeitures likely to occur is estimated on the grant date. If stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital.

h) Transaction costs

Costs associated with potential mergers, acquisitions including legal fees and other associated costs are expensed as incurred.

i) Recent IFRS pronouncements

The IFRS pronouncements that have been issued but are not yet effective are listed below. The Company plans to apply the new standards or interpretations in the annual period for which it is first required.

IFRS 9 – Financial instruments - classification and measurement

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income ("OCI") and fair value though profit and loss ("FVTPL"). There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in OCI for liabilities designated as FVTPL. The standard is effective for accounting periods beginning on or after January 1, 2018. Early adoption is permitted. The Company has assessed the classification and measurement of its financial assets and financial liabilities under IFRS 9 and have summarized the original measurement categories under IAS 39 and the new measurement categories under IFRS 9, as set out below:.

	Measurement categories	
	IAS 39	**IFRS 9**
Financial instruments		
Cash	FVTPL	FVTPL
Accounts payable	Amortized cost	Amortized cost
Loans payable	Amortized cost	Amortized cost

Expressed in Canadian Dollars

3. ACCOUNTING POLICIES – CONTINUED

Amendments to IFRS 2 – Share-based payments
This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. The Company is in the process of determining the impact of the adoption of this standard on the financial statements, if any. Effective for annual periods beginning on or after January 1, 2018.

Amendments to IFRS 7 - Financial Instruments: Disclosures
This amendment clarifies the definition for continuing involvement in a transferred financial asset effective for annual periods beginning on or after January 1, 2018.

IFRS 15 - Revenue from Contracts with Customers
IFRS 15 contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Company currently has no contracts with customers.

IFRS 16 - Leases
IFRS 16 addresses accounting for leases and lease obligations. It replaces the existing leasing guidance in IAS 17, Leases. The objective of the new standard is to report all leases on the statement of financial position and to define how leases and lease liabilities are measured. IFRS 16 is effective January 1, 2019 with early adoption permitted for companies that also apply IFRS 15. The Company has yet to assess the full impact of IFRS 16. The Company currently is not party to any lease agreement.

Amendments to IAS 12 - Income Taxes
This amendment is effective for annual periods beginning on or after January 1, 2019 to clarify recognition of income tax consequences of dividends.

IFRIC 22 - Foreign Currency Transactions and Advance Consideration
This is an interpretation that clarifies when an entity recognizes a non-monetary asset or non-monetary liability arising from payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. The effective date for IFRIC 22 is for annual periods beginning on or after January 1, 2018.

IFRIC 23 - Uncertainty over Income Tax Treatments
This is an interpretation that clarifies how to apply the recognition and measurement requirements in IAS 12 ‘Income Taxes’ when there is uncertainty over tax treatments. The effective date for IFRIC 23 is for annual periods beginning on or after January 1, 2019.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

Expressed in Canadian Dollars

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS - CONTINUED

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

The Company has identified the following accounting policies under which significant judgments, estimates and assumptions are made where actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the Company's statement of financial position within the next years. Actual results may differ from these estimates.

Going concern
The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available to pursue other investment opportunities and for working capital requirements.

Deferred tax assets and liabilities
The estimation of income taxes includes evaluating the recoverability of deferred tax assets and liabilities based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets and liabilities will not be realized. The ultimate realization of deferred tax assets and liabilities is dependent upon the generation of future taxable income. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets or liabilities, and deferred income tax provisions or recoveries could be affected.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		July 31, 2018		July 31, 2017
Accounts payable (note 6)	$	2,205	$	44,155
Accrued liabilities (note 6)		99,187		5,500
	$	101,392	$	49,655

6. RELATED PARTY TRANSACTIONS

Related parties and related party transactions impacting the financial statements not disclosed elsewhere in these financial statements are summarized below and include transactions with the following individuals or entities:

Key management personnel
Key management personnel are those persons that have the authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly. Key management personnel include the Company's directors and members of the senior management group.

Remuneration attributed to key management personnel is as follows:

		July 31, 2018		July 31, 2017
Services provided:				
Accounting fees	$	26,750	$	-
Management consulting fees		30,000		-
	$	56,750	$	-

Expressed in Canadian Dollars

6. RELATED PARTY TRANSACTIONS - CONTINUED

During the year ended July 31, 2018, $11,160 (2017- $15,101) in loan proceeds were advanced to the Company to pay creditors. The balances of the loans payable totalling $39,178 were repaid during the most recently completed financial year. The loans payable were without interest or stated terms of repayment.

	July 31, 2018	July 31, 2017
Due to a company controlled by a director	$ -	$ 13,325
Due to a shareholder	-	14,693
	$ -	$ 28,018

Amounts due to related parties included in accounts payable and accrued liabilities are as follows:

	July 31, 2018	July 31, 2017
Balances accrued or payable to key management personnel for compensation	$ 12,000	$ 9,188

7. EQUITY

a) Authorized
An unlimited number of common shares without par value

b) Share consolidation
Effective March 22, 2018, the Company's shares were consolidated on a 10:1 basis. All share capital amounts (issued) have been restated to give effect to the consolidation.

c) Private placement
The Company completed a non-brokered private placement of 7,999,999 post consolidation units at a price of $0.075 per unit that closed March 22, 2018. Each unit comprised of one common share and one warrant entitling the holder to acquire one common share for a period of one year at a price of $0.10 per share.

d) Reserves
Reserves consist of share purchase warrants and the accumulated fair value of common share stock options recognized as share-based compensation.

Warrants

	July 31, 2018		July 31, 2017	
	Number of warrants	Amount	Number of warrants	Amount
Opening balance	-	$ -	-	$ -
Warrants issued	7,999,999	278,372	-	-
Closing balance	7,999,999	$ 278,372	-	$ -

The fair value of the 7,999,999 warrants issued in connection with the unit private placement completed during the year ended July 31, 2018 totalled $278,372. The warrants were valued using the Black-Scholes valuation model using the following assumptions:

Warrant term	Volatility	Dividend yield	Risk-free interest rate	Warrants Issued	Fair value	Warrant issue costs	Net
1 year	286%	0%	1.09%	7,999,999	$ 283,313	$ 4,941	$ 278,372

Expressed in Canadian Dollars

7. EQUITY- CONTINUED

At July 31, 2018, the following share purchase warrants are outstanding:

Number of warrants outstanding	Exercise price	Expiry date	Remaining contractual life
7,999,999	$0.10	22-March-2019	0.64 years

8. INCOME TAXES

The Company's provision for income taxes differs from the amounts computed by applying the combined Canadian federal and provincial income tax rates as a result of the following:

		July 31, 2018		July 31, 2017
Statutory rates		26.58%		26.00%
Income tax recovery computed at statutory rates	$	50,189	$	5,226
Deferred tax benefits not recognized		(50,189)		(5,226)
Income tax recovery (expense)	$	-	$	-

At July 31, 2018 and 2017, the deferred tax assets are not recognized on the following temporary differences as it is not likely that sufficient future taxable profits will be available to utilize such differences:

		July 31, 2018		July 31, 2017
Capital losses	$	217,944	$	209,872
Financing costs		2,260		-
Non capital losses		1,819,681		1,254,922
Resource pools		334,450		769,790
Total gross deferred income tax assets		2,374,335		2,234,584
Deferred tax assets not recognized		(2,374,335)		(2,234,584)
	$	-	$	-

At July 31, 2018, the Company has Canadian non-capital losses, which may be carried forward to apply against future year's income for Canadian income tax purposes, subject to final determination by taxation authorities, expiring as follows:

2027	$	196,911
2028		642,805
2029		128,486
2030		129,415
2032		58,368
2033		64,430
2034		81,799
2035		3,477,314
2036		26,993
2037		20,100
2038		1,912,937
	$	6,739,558

Expressed in Canadian Dollars

8. INCOME TAXES – CONTINUED

The Company has cumulative resource pools of $1,238,704, which can be carried forward indefinitely to offset future taxable income in Canada. The Company's unamortized share issue costs for tax purposes, which are available to reduce taxable income of years 2019-2022 amounts to $8,374. The Company has capital losses of $1,614,399, which can be carried forward indefinitely to offset future capital gains in Canada.

9. CAPITAL MANAGEMENT

The Company's objectives when managing its capital is to maintain the ability to continue as a going concern in order to pursue a business development opportunity for the benefits of its stakeholders and to maintain flexible capital structure, which optimizes the costs of capital at an acceptable risk level.

In the management of capital, the Company includes the components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets.

In order to maximize ongoing development efforts, the Company does not pay out dividends.

The Company is not subject to externally imposed capital requirements. In addition, there have been no changes to the Company's approach to capital management during the year ended July 31, 2018.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The fair value of the Company's accounts payable and loans payable approximate carrying value, due to their short-term nature. The Company's cash is measured at fair value under the fair value hierarchy based on level one quoted prices in active markets for identical assets or liabilities.

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk, interest rate risk and price risk.

Credit risk
Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Since the Company's only receivables are GST, it is not subject to significant credit risk.

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's approach is to ensure that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. The Company manages liquidity risk through its capital management as outlined in note 9.

Expressed in Canadian Dollars

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - CONTINUED

Market risk
Market risk is the risk of loss that may arise from changes in market factors such as interest rates, commodity and equity prices, and foreign exchange rates.

a) Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk from any if its financial instruments.

b) Price risk
The Company is not exposed to price risk as it does not hold any investments in publicly traded securities.

c) Currency risk
The Company's expenditures are predominantly in Canadian dollars, and therefore are not exposed to foreign currency risk.

11. SUBEQUENT EVENTS

From August 1, 2018 to November 7, 2018, the following events occurred:

a) On October 4, 2018, 2147378 Alberta Ltd. was incorporated in Alberta ("IGC Subco") and is a wholly owned subsidiary of the Company.

b) On October 4, 2018, IGC entered into an amalgamation agreement with Westleaf Cannabis Inc. ("Westleaf") and IGC Subco, (the "Amalgamation Agreement") whereby the business and assets of Westleaf and IGC will be combined by way of a three cornered amalgamation between Westleaf, IGC and IGC Subco in accordance with the Business Corporations Act (Alberta) (the "Proposed Transaction"). Upon completion of the Proposed Transaction, the issuer resulting from the Proposed Transaction (the "Resulting Issuer") will carry on the business previously carried on by Westleaf. Completion of the Proposed Transaction is subject to a number of conditions including, but not limited to, completion of a private placement, approvals of all regulatory bodies having jurisdiction in connection with the Proposed Transaction, TSXV acceptance of the Proposed Transaction and, if applicable pursuant to TSXV requirements, shareholder approval. In connection with the Proposed Transaction, it is expected that the Company will consolidate its issued and outstanding common shares on the basis of 2.9233 post-consolidation share for each pre-consolidation share prior to closing of the transaction.

Expressed in Canadian Dollars

11. SUBEQUENT EVENTS – CONTINUED

c) On October 16, 2018, the Company entered into an engagement agreement with Westleaf and Canaccord Capital Corp. ("Canaccord"), as lead agent, on behalf of a syndicate of agents (collectively, the "Agents") in connection with a brokered private placement for a minimum of 17,648,000 subscription receipts of IGC (the "Subscription Receipts") at a price of $0.85 per Subscription Receipt to raise, on a commercially reasonable efforts basis, gross proceeds of a minimum of $15,000,800 (the "Offering"). The Company has also granted the Agents an option (the "Over-Allotment Option"), to place up to an additional 15% of the number of Subscription Receipts issuable under the Offering at a price of $0.85 per security, exercisable an any time, for a period expiring the earlier of: (a) 30 days after and including the closing date of the Offering; or, (b) the closing date of the Proposed Transaction (note 11(b)). The Over-Allotment Option is exercisable to acquire Subscription Receipts for Units.

Each Subscription Receipt will be automatically exchanged, upon satisfaction of certain escrow release conditions, into one unit of the Company (a "Unit"). Each Unit shall consist of one post-consolidation common share of the Resulting Issuer and one-half of one common share purchase warrant (each whole warrant, a "Warrant"). Each warrant shall be exercisable to acquire one Resulting Issuer Share (a "Warrant Share") for a for a period of 24 months from closing at an exercise price of $1.30 per Warrant, subject to adjustment in certain events. If the escrow conditions are not met by December 31, 2018, all funds will be returned to the subscribers without deduction. The Offering is expected to close November 29, 2018.

If at anytime commencing on the later off (a) the date that is 4 months from the closing of the Offering; and, (b) the date of the expiry or waiver of the Hold Period, the ten (10) trading day volume weighted average trading price of the Resulting Issuer on any public stock exchange exceeds price exceeds $1.80, then the Resulting Issuer may give notice within five (5) trading days immediately following such ten (10) trading day period (the "Acceleration Notice") to the holder; (i) setting forth the calculation of the volume weighted average trading price of the Resulting Issuer Shares for the purposes of the such notice; and, (ii) stating that if the Warrants are not exercised by 4:00 p.m. MST on the date specified by the Resulting Issuer in such notice as the "Accelerated Expiry Date", which Acceleration Expiry Date shall be not less than ten (10) days after the date of the Acceleration Notice, then the Warrants shall expire and be of no further force and effect.

The Resulting Issuer Shares issued in exchange for the Subscription Receipts, the Warrants, the Warrant Shares, the Broker Warrants, as defined below, and the Resulting Issuer Shares issuable on the exercise of the Broker Warrants shall have a four month hold period from the closing of the Proposed Transaction.

The Agents will receive a cash commission equal to 6% of the gross proceeds of the Offering and such number of Agent's compensation warrants ("Broker Warrants") equal to 6% of the number of Subscription Receipts issued under the Offering. Each Broker Warrant shall entitle the holder to acquire one Resulting Issuer Share at an exercise price of $0.85 for a period of 24 months following the closing of the Offering.

APPENDIX B
MANAGEMENT'S DISCUSSION & ANALYSIS OF IGC RESOURCES INC.

IGC RESOURCES INC.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JULY 31, 2018

INTRODUCTION

Management's discussion and analysis ("MD&A") provides a review of performance of IGC Resources Inc.'s ("IGC" or the "Company") operations and has been prepared on the basis of available information up to November 15, 2018 and should be read in conjunction with the financial statements for the year ended July 31, 2018 and related notes thereto which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts included therein and in the following management discussion and analysis are expressed in Canadian dollars except where indicated otherwise.

Some of the statements made in this MD&A are forward looking statements that are subject to risk factors set out in the cautionary note contained herein.

The Company's common shares are listed on the NEX trading symbol – IGC.

This MD&A may contain "forward-looking statements" which reflect the Company's current expectations regarding the future results of operations, performance and achievements of the Company. The Company has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as "anticipate," "believe," "estimate," "expect" and similar expressions. The statements reflect the current beliefs of management of the Company, and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Company to differ materially from those expressed in, or implied by, these statements.

The Company undertakes no obligation to publicly update or review the forward-looking statements whether as a result of new information, future events or otherwise.

Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

DESCRIPTION OF THE BUSINESS

The Company was incorporated under the laws of British Columbia in 1992 and continued into the Yukon Territory under the *Business Corporations Act* (Yukon) on March 3, 2000. Effective July 21, 2004, the Company was continued out of the Yukon Territory back into British Columbia and changed its name from "International Green Ice Inc." to "IGC Resources Inc.".

The Company is a reporting Company in British Columbia and Alberta that previously traded on the TSX Venture Exchange (the "TSX-V"). On July 10, 2014, the Company was moved to the NEX board as IGC had ceased to carry on an active business.

OVERVIEW

Currently, the Company has no active business. During the most recently completed financial year end, the Company:

- Consolidated its issued and outstanding shares on a 10:1 basis;
- Completed a non-brokered private placement of 7,999,999 post consolidation units to raise gross proceeds of $600,000; and,
- Evaluated a number of high-quality investment opportunities.

On October 4, 2018, IGC entered into an amalgamation agreement with Westleaf Cannabis Inc. ("Westleaf") and 2147378 Alberta Ltd. ("IGC Subco"), (the "Amalgamation Agreement") whereby the business and assets of Westleaf and IGC will be combined by way of a three cornered amalgamation between Westleaf, IGC and IGC Subco in accordance with the Business Corporations Act (Alberta) (the "Proposed Transaction"). Upon completion of the Proposed Transaction, the issuer resulting from the Proposed Transaction (the "Resulting Issuer") will carry on the business previously carried on by Westleaf. Completion of the Proposed Transaction is subject to a number of conditions including, but not limited to, completion of a private placement, approvals of all regulatory bodies having jurisdiction in connection with the Proposed Transaction, TSXV acceptance of the Proposed Transaction and, if applicable pursuant to TSXV requirements, shareholder approval. In connection with the Proposed Transaction, it is expected that the Company will consolidate its issued and outstanding common shares on the basis of 2.9233 post-consolidation share for each pre-consolidation share prior to closing of the transaction.

Westleaf is a private vertically integrated cannabis company, focused on innovative retail experiences, engaging cannabis brands and premium cannabis production. Westleaf is headquartered in Calgary, Alberta and was incorporated pursuant to the provisions of the Business Corporations Act (Alberta) on August 22, 2017. Since incorporation, Westleaf has used its funds to execute its vertically integrated business plan, which includes applying for prospective cannabis retail stores in privatized markets across Canada, developing extraction and processing facility in Calgary, Alberta and developing a large-scale indoor cannabis cultivation facility located in Battleford, Saskatchewan. Westleaf is developing a national retail footprint for tis retail concept "Prairie Records", which leverages the instinctual tie of recreational cannabis and music and redefines the cannabis purchasing experience.

IGC Subco was incorporated pursuant to the provisions of the Business Corporations Act (Alberta) on October 4, 2018 and its head office and registered and records office is located in Calgary, Alberta. IGC Subco is a wholly-owned subsidiary of IGC, incorporated by IGC for the purpose of completing the transaction.

On October 16, 2018, the Company entered into an engagement agreement with Westleaf and Canaccord Capital Corp. ("Canaccord"), as lead agent, on behalf of a syndicate of agents (collectively, the "Agents") in connection with a brokered private placement for a minimum of 17,648,000 subscription receipts of IGC (the "Subscription Receipts") at a price of $0.85 per Subscription Receipt to raise, on a commercially reasonable efforts basis, gross proceeds of a minimum of $15,000,800 (the "Offering"). The Company has also granted the Agents an option (the "Over-Allotment Option"), to place up to an additional 15% of the number of Subscription Receipts issuable under the Offering at a price of $0.85 per security, exercisable an any time, for a period expiring the earlier of: (a) 30 days after and including the closing date of the Offering; or, (b) the closing date of the Proposed Transaction. The Over-Allotment Option is exercisable to acquire Subscription Receipts for Units.

Each Subscription Receipt will be automatically exchanged, upon satisfaction of certain escrow release conditions, into one unit of the Company (a "Unit"). Each Unit shall consist of one post-consolidation common share of the Resulting Issuer and one-half of one common share purchase warrant (each whole warrant, a "Warrant"). Each warrant shall be exercisable to acquire one Resulting Issuer Share (a "Warrant Share") for a for a period of 24 months from closing at an exercise price of $1.30 per Warrant, subject to adjustment in certain events. If the escrow conditions are not met by December 31, 2018, all funds will be returned to the subscribers without deduction. The Offering is expected to close November 29, 2018.

If at anytime commencing on the later off (a) the date that is 4 months from the closing of the Offering; and, (b) the date of the expiry or waiver of the Hold Period, the ten (10) trading day volume weighted average trading price of the Resulting Issuer on any public stock exchange exceeds price exceeds $1.80, then the Resulting Issuer may give notice within five (5) trading days immediately following such ten (10) trading day period (the "Acceleration Notice") to the holder; (i) setting forth the calculation of the volume weighted average trading price of the Resulting Issuer Shares for the purposes of the such notice; and, (ii) stating that if the Warrants are not exercised by 4:00 p.m. MST on the date specified by the Resulting Issuer in such notice as the "Accelerated Expiry Date", which Acceleration Expiry Date shall be not less than ten (10) days after the date of the Acceleration Notice, then the Warrants shall expire and be of no further force and effect.

The Resulting Issuer Shares issued in exchange for the Subscription Receipts, the Warrants, the Warrant Shares, the Broker Warrants, as defined below, and the Resulting Issuer Shares issuable on the exercise of the Broker Warrants shall have a 4 month hold period from the closing of the Proposed Transaction.

The Agents will receive a cash commission equal to 6% of the gross proceeds of the Offering and such number of Agent's compensation warrants ("Broker Warrants") equal to 6% of the number of Subscription Receipts issued under the Offering. Each Broker Warrant shall entitle the holder to acquire one Resulting Issuer Share at an exercise price of $0.85 for a period of 24 months following the closing of the Offering.

SELECTED ANNUAL INFORMATION

(Information extracted from the Company's audited financial statements)

Selected Annual Financial Information

(Expressed in Canadian Dollars)

	2018 $	2017 $	2016 $
Revenues	-	-	-
Net loss	(188,815)	(20,100)	(26,993)
Net loss per share - basic and diluted	(0.03)	(0.01)	(0.01)
Cash dividends	-	-	-
Total assets	425,585	1,145	1,091
Long term liabilities	-	-	-
Shareholders' equity (deficit)			
Share capital	11,346,618	11,035,454	11,035,454
Reserves	1,772,080	1,493,708	1,493,708
Deficit	(12,794,505)	(12,605,690)	(12,585,590)
Shareholders' equity (deficit)	324,193	(76,528)	(56,428)

FINANCIAL POSITION

As at July 31, 2018, the Company had current assets of $425,585 and current liabilities of $101,392 compared to current assets of $1,145 and current liabilities of $77,673 as at July 31, 2017. At July 31, 2018, the Company had working capital of $324,193 compared to working capital deficit of $76,528 at July 31, 2017.

The Company had cash of $424,553 at July 31, 2018 compared to $52 at July 31, 2017. During the year ended July 31, 2018, the Company recorded cash used in operations of $137,017 compared to cash used in operations of $15,203 in 2017.

There were no investing activities during the year ended July 31, 2018. During the year ended July 31, 2018, related parties advanced the Company $11,160 (2017: $15,101) in loan proceeds to pay creditors. The balances of the loans payable totalling $39,178 were repaid during the most recently completed financial year. Funds of $600,000 were raised in the current year. Costs of $10,464 were incurred in connection with the financing. A portion of the net proceeds of $589,536 from the non-brokered unit private placement were used to pay creditors and the balance of funds will be used for general working capital purposes.

RESULTS OF OPERATIONS

Year ended July 31, 2018 compared with year ended July 31, 2017

(Information extracted from the Company's audited financial statements)

Expressed in Canadian Dollars

	For the years ended July 31, 2018	2017
Operating expenses		
Accounting and audit	$ 35,150	$ 5,800
General and administrative	115	408
Legal	26,669	3,857
Management consulting fees	72,188	-
Office rental and services	37,500	-
Transfer agent, listing and filing fees	17,193	10,035
Net loss and comprehensive loss for year	$ (188,815)	$ (20,100)
Loss per share - basic and diluted	$ (0.03)	$ (0.01)
Weighted average number of shares outstanding - basic and fully diluted	5,527,675	2,656,443

Net loss

During the year ended July 31, 2018, the Company reported a net loss of $188,815 compared to a net loss of $20,100 during the same period in fiscal 2017.

In the current year, fees of $26,750 were charged by the Company's CFO for accounting advisory services and $30,000 was charged by the Company's former CEO for management consulting services. Additionally, the Company had engaged the services of a Company to assist in identifying and evaluating high-quality investment opportunities. Fees of $75,893 were accrued at July 31, 2018 for consulting ($42,188) and office rental and services ($37,500) as due to this Company.

Legal fees of $26,669 were incurred in the current year for services provided to affect the share consolidation and consultation on general corporate matters. Transfer agent fees increased from $10,035 in 2017 to $17,193 in the current year as a result of the additional charges for the share consolidation.

SUMMARY OF QUARTERLY RESULTS - UNAUDITED

There are no meaningful trends evident from analysis of the summary of quarterly financial information over the last eight quarters.

Quarter Ended	Net revenues	Net income (loss)*	Loss per share - basic	Loss per share - diluted
	$'s	$'s	$'s	$'s
31-Jul-18	-	(101,439)	(0.01)	(0.01)
30-Apr-18	-	(15,421)	(0.00)	(0.00)
31-Jan-18	-	(69,556)	(0.03)	(0.03)
31-Oct-17	-	(2,399)	(0.00)	(0.00)
31-Jul-17	-	(5,347)	(0.00)	(0.00)
30-Apr-17	-	(2,216)	(0.00)	(0.00)
31-Jan-17	-	(3,820)	(0.00)	(0.00)
31-Oct-16	-	(8,717)	(0.00)	(0.00)

*Values may not add to reported amount for the years then ended due to rounding

LIQUIDITY AND CAPITAL RESOURCES

The Company currently is not carrying on any active business operations. At July 31, 2018, the Company had working capital of $324,193.

These financial statements are prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. At July 31, 2018, the Company had working capital of $324,193. During the year ended July 31, 2018, the Company had incurred a net loss totalling $188,815. The accumulated deficit at July 31, 2018 is $12,794,505. The Company completed a financing in March 2018, which provided funds of $589,536 to pay its creditors and for working capital purposes. Based on the Company's financial position at July 31, 2018, available funds are not considered adequate to meet requirements for the next twelve months based on the Company's plans to complete a transaction to acquire a high-quality investment within this timeframe. To meet expenditure requirements, the Company will have to access financial resources through the issuance of securities or debt.

TRANSACTIONS WITH RELATED PARTIES

Key management personnel are those persons that have the authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly. Key management personnel include the Company's directors and members of the senior management group.

Remuneration attributed to key management personnel is as follows:

	July 31, 2018	July 31, 2017
Services provided:		
Accounting fees	$ 26,750	$ -
Management consulting fees	30,000	-
	$ 56,750	$ -

During the year ended July 31, 2018, $11,160 (2017: $13,068) in loan proceeds were advanced to the Company to pay creditors, as set out in the table below. The balances of the loans payable totalling $39,178 were repaid during the most recently completed financial year. The loans payable are without interest or stated terms of repayment.

	July 31, 2018	July 31, 2017
Due to a company controlled by a director	$ -	$ 13,325
Due to a shareholder	-	14,693
	$ -	$ 28,018

Amounts due to related parties included in accounts payable and accrued liabilities are as follows:

	July 31, 2018	July 31, 2017
Balances accrued or payable to key management personnel for compensation	$ 12,000	$ 9,188

PROPOSED TRANSACTIONS

As of July 31, 2018, the Company has no proposed material transactions.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the future, actual experience may differ from these estimates and assumptions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

The Company has identified the following accounting policy under which significant judgments, estimates and assumptions are made where actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the Company's statement of financial position within the next years. Actual results may differ from these estimates.

Going concern
These financial statements have been prepared on the assumption that the Company is able to continue as a going concern. Additional information relating to the going concern assumption is disclosed in note 1 to the audited annual financial statements.

Deferred tax assets and liabilities
The estimation of income taxes includes evaluating the recoverability of deferred tax assets and liabilities based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets and liabilities will not be realized. The ultimate realization of deferred tax assets and liabilities is dependent upon the generation of future taxable income. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets or liabilities, and deferred income tax provisions or recoveries could be affected.

ACCOUNTING POLICIES

The Company has applied IFRS, as disclosed in note 3 to the audited annual financial statements, which are applied on a consistent basis.

INTERNAL CONTROL OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS AND PROCEDURES

Currently, the certification required by the Company's certifying officers under National Instrument 52-109 Certificate of Disclosure in Company's' Annual and Interim Filings (NI 52-109F), the Venture Company Basic Certificate, does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. This includes:

i. Controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislations; and,
ii. A process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Company's GAAP.

The Company's certifying officers are responsible for ensuring processes are in place to provide them with sufficient knowledge to support the representations they make in the certificate.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture Company to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

OUTSTANDING SHARE DATA

The Company has one class of common shares. As at July 31, 2018 and the date of this report there were 10,656,442 common shares outstanding.

As at July 31, 2018 and the date of this report, the Company has no outstanding stock options and 7,999,999 warrants outstanding.

RISKS AND UNCERTAINTIES

These accompanying audited financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The continuation of the Company is dependent upon the continuing financial support of creditors and obtaining long-term financing.

While the Company attempts to achieve the above plans, there is no assurance that any such activity will generate sufficient funds that will be available for operations. These audited financial statements do not include adjustments related to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that may be necessary should the Company be unable to continue in existence.

CAUTIONARY NOTE REAGARDING FORWARD LOOKING INFORMATION

Certain information set forth in this MD&A includes management's assessment of the Company's future plans and contains forward-looking statements within the meaning of securities laws. In some cases, forward-looking information can be identified by the use of terms such as "may", "will", "should", "expect", "believe", "plan", "scheduled", "intend", "estimate", "forecast", "predict", "potential", "continue", "anticipate" or other similar expressions concerning matters that are not historical facts. Forward-looking information may relate to management's future outlook and anticipated events or results, and may include statements or information regarding the future plans or prospects of the Company. Forward looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Although the Company believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.

Although this information is based on the Company's current internal expectations, assumptions and estimates, it may prove to be incorrect. These forward-looking statements are not guarantees of future performance and undue reliance should not be placed on them. They are subject to unknown risks and uncertainties which may include, among other things, changes in economic and market conditions.

ADDITIONAL INFORMATION

Additional information on the Company is available for viewing on the *System for Electronic Data Retrieval* ("SEDAR") at www.sedar.com.

APPENDIX C
FINANCIAL STATEMENTS OF WESTLEAF CANNABIS INC.

WESTLEAF CANNABIS INC.

Consolidated Financial Statements

For the period August 22, 2017 (date of incorporation) - December 31, 2017
(In Canadian Dollars)

Independent Auditors' Report

To the Shareholders of Westleaf Cannabis Inc.

We have audited the accompanying consolidated financial statements of Westleaf Cannabis Inc., which comprise the statement of financial position as at December 31, 2017, the statement of comprehensive loss and changes in equity and cash flows for the period from incorporation on August 22, 2017 to December 31, 2017, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of West Leaf Cannabis Inc. as at December 31, 2017 and its consolidated financial performance and its consolidated cash flows for the period from incorporation on August 22, 2017 to December 31, 2017 in accordance with International Financial Reporting Standards.

Calgary, Alberta
August 29, 2018

MNP LLP
Chartered Professional Accountants

MNP LLP

WESTLEAF CANNABIS INC.

Consolidated Statement of Financial Position

As at December 31, 2017

(In thousands of Canadian dollars)

	Notes	2017
		$
Assets		
Current assets		
Cash	2(f)	445
Accounts receivable	4, 12(b)(i)	7
Other current assets	5	103
Total current assets		555
Total assets		555
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	12(b)(ii)	99
Short-term loans	6	662
Total current liabilities		761
Total liabilities		761
Shareholders' deficiency		
Share capital	7	10
Deficit		(216)
Total shareholders' deficiency		(206)
Total liabilities and shareholders' deficiency		555

Nature of operations (Note 1)

Commitments and contingencies (Note 13)

Subsequent events (Note 15)

Approved on behalf of the Board:

"Scott Hurd"
Signed: Director

"Taylor Ethans"
Signed: Director

The accompanying notes are an integral part of these Consolidated Financial Statements.

WESTLEAF CANNABIS INC.

Consolidated Statement of Comprehensive Loss

For the period from August 22, 2017 (date of incorporation) to December 31, 2017
(In thousands of Canadian dollars, except share and per share amounts)

	Notes	2017
		$
Expenses		
General and administration	8	216
Total expenses		216
Loss before income taxes		(216)
Income tax		
Deferred, net	9	-
Total income tax		-
Net loss and comprehensive loss		(216)
Net loss per share		
Basic and diluted		(1.08)
Weighted average number of shares outstanding		
Basic and diluted		200,000

The accompanying notes are an integral part of these Consolidated Financial Statements.

WESTLEAF CANNABIS INC.

Consolidated Statement of Changes in Equity

For the period August 22, 2017 (date of incorporation) to December 31, 2017

(In thousands of Canadian dollars, except share amounts)

	Notes	Share Capital		Deficit	Total
		Common Shares	Amount		
		#	$	$	$
Balance, August 22, 2017		-	-	-	-
Issuance of shares	7(b)	200,000	10	-	10
Comprehensive loss for the period		-	-	(216)	(216)
Balance, December 31, 2017		200,000	10	(216)	(206)

The accompanying notes are an integral part of these Consolidated Financial Statements.

WESTLEAF CANNABIS INC.

Consolidated Statement of Cash Flows

For the period August 22, 2017 (date of incorporation) to December 31, 2017
(In thousands of Canadian dollars)

	Notes	2017
		$
Cash provide by (used in)		
Operating activites		
Net loss for the period		(216)
Changes in non-cash working capital	11	(11)
Cash used in operating activities		(227)
Financing activities		
Proceeds of short-term loans	6	662
Shares issued for cash	7	10
Cash provided by financing activities		672
Increase in cash		445
Cash, beginning of period		-
Cash, end of period		445

The accompanying notes are an integral part of these Consolidated Financial Statements.

1. Nature of operations and general information

(a) Nature of operations

Westleaf Cannabis Inc. was incorporated August 22, 2017, under the Business Corporations Act (Alberta) as a privately held entity.

The consolidated financial statements as at and for the period ended December 31, 2017 include Westleaf Cannabis Inc. and its subsidiary (together referred to as the "Company" or "Westleaf"). Through its wholly-owned subsidiary Westleaf Cultivation Management I Inc. ("WCMI"), Westleaf is undertaking the licensing and infrastructure to produce and sell marijuana pursuant to the Access to Cannabis for Medical Purposes Regulations ("ACMPR") as well as the Cannabis Act.

(b) General information

The head office and principal address of the Company is Suite 1000, 517 - 10 Avenue SW, Calgary, AB, Canada. The Company's registered and records office address is Suite 1900, 520 - 3 Avenue SW, Calgary, AB, Canada.

(c) Going concern

The consolidated financial statements have been prepared on a going concern basis, which implies that the Company will continue to realize its assets and discharge its liabilities in the normal course of business. The Company had a net loss and negative cash flows from operations. The continuation of the Company as a going concern is dependent on the ability of the Company to achieve positive cash flow from operations and/or obtain necessary equity or other financing.

Subsequent to year-end, the Company closed two non-brokered private placements for approximately $20.5 million and secured a loan facility for $4.3 million to be used for its Delta West facility (Note 15).

2. Significant accounting policies

(a) Statement of compliance

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC") in effect for the period beginning August 22, 2017. These are the Company's first financial statements prepared under IFRS.

The consolidated financial statements were approved and authorized for issue by the Board of Directors of the Company on August 29, 2018.

2. Significant accounting policies (continued)

(b) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which were measured at fair value.

(c) Functional and presentation of foreign currency

The Company's functional currency is Canadian dollars. These consolidated financial statements are presented in Canadian dollars unless otherwise noted.

(d) Basis of consolidation

Directly and indirectly controlled entities are treated as subsidiaries of the Company and are included in the consolidated financial statements. Control exists when the Company has the power to govern the financial and operating policies of an entity and be exposed to the variable returns achieved by the entity. These statements include wholly-owned subsidiary WCMI, which was incorporated under the Alberta, Canada, jurisdiction on October 23, 2017. All significant intercompany balances and transactions were eliminated on consolidation.

(e) Foreign currency translation

Foreign currency transactions are translated into Canadian dollars at exchange rates in effect on the date of the transactions. Realized and unrealized exchange gains and losses are recognized in the consolidated statement of comprehensive loss.

(f) Cash

Cash is comprised of cash deposits in financial institutions.

(g) Leases

The Company has elected to early adopt *IFRS 16 Leases* (Note 3 (b)), effective at the start of the current reporting period. A retrospective assessment was not required as the current period is also the first reporting period of operations for Westleaf and no prior period financial information exists.

The Company has no leases in existence as at the reporting date.

2. Significant accounting policies (continued)

(h) Share capital

Share capital is presented at the value of the shares issued. Transaction costs, net of tax, directly attributable to the issuance of common shares are recognized as a deduction from equity.

(i) Loss per share

The Company calculates basic loss per share using the weighted average number of common shares outstanding during the period.

The Company has no dilutive instruments and, as such, no diluted loss per share calculation is presented.

(j) Taxes

Tax expense includes current and deferred tax. The expense is recognized in profit or loss, except for income tax related to the components of other comprehensive income or equity, in which case the tax expense is recognized in other comprehensive income or equity respectively.

(i) Current tax

Current tax assets and liabilities are obligations to or claims from the taxation authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on the basis of taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

(ii) Deferred tax

Deferred taxes are calculated using the liability method on temporary differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax liabilities are always provided for in full. Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority.

2. Significant accounting policies (continued)

(ii) Deferred tax (continued)

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

(k) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized on the statement of financial position at the time the Company becomes a party to the contractual provisions of the financial instrument.

(i) Classes

The Company aggregates its financial instruments into classes based on their nature and characteristics. Management determines the classification when the instruments are initially recognized, which is normally at the date of the transaction.

The Company classifies its financial instruments in the following classes:

(i) At fair value through profit or loss ("FVTPL")
(ii) Loans and receivables
(iii) Held to maturity
(iv) Available for sale
(v) Other financial liabilities

(ii) Measurement

Financial assets and liabilities are recognized at fair value upon initial recognition with the exception of those classified at FVTPL.

Measurement in subsequent periods is dependent on the classification of the financial instrument.

2. Significant accounting policies (continued)

(k) Financial instruments (continued)

Financial instrument classes - measurement and presentation

(i) FVTPL

All of the financial instruments in this category meet the definition of financial assets or financial liabilities held for trading. These financial instruments are held for the purpose of selling them in the short term. Derivatives are included in this category unless they are a designated and effective hedging instrument.

The financial instruments included in this category are initially and subsequently recognized at fair value. Directly attributable transaction costs and changes in fair value are recognized in profit or loss.

The instruments classified in this category are presented under current assets and current liabilities.

The Company does not have any at FVTPL financial assets or liabilities.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Financial instruments in this category are initially recognized at fair value plus directly attributable transactions costs. Subsequent measurement is at amortized cost using the effective interest method.

They are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets.

(iii) Available for sale

Available for sale financial assets are non-derivative financial assets that are designated as available for sale upon initial recognition or are not classified in any other category. They are initially and subsequently measured at fair value and the changes in fair value, other than impairment losses, are recognized in other comprehensive income.

2. Significant accounting policies (continued)

(iii) Available for sale (continued)

Any fair value change previously recognized in other comprehensive income which is subsequently determined to be an impairment, is reclassified from equity to profit and loss. This reclass also occurs upon sale of any such financial assets.

The Company does not have any available for sale financial assets.

(iv) Held to maturity

Held to maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are initially recorded at fair value and subsequently measured at amortized cost.

The Company does not have any held to maturity financial assets.

(v) Other financial liabilities

Financial instruments included in this category are initially recognized at fair value less transaction costs. Subsequent to initial measurement, these other liabilities are measured at amortized cost using the effective interest method. The difference between the initial carrying amount of these other liabilities and their redemption value is recognized in profit or loss over the life of the contract. They are classified as current liabilities when they are payable within 12 months of the reporting date, otherwise they are classified as non-current liabilities.

Compound financial instruments

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

2. Significant accounting policies (continued)

Compound financial instruments (continued)

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition.

Interest and losses and gains relating to the financial liability are recognized in profit or loss. On conversion, the financial liability is reclassified to equity; no gain or loss is recognized on conversion.

The Company has no compound financial instruments.

Impairment of financial assets

A financial asset not carried at FVTPL is reviewed at each reporting date to determine whether there is any indication of impairment. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the assets' original effective interest rate. Losses are recognized in profit or loss with a corresponding reduction in the financial asset, or, in the case of amounts receivable, are reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(l) Critical accounting judgements, estimates and assumptions

The preparation of the Company's consolidated financial statements in accordance with IFRS requires management to make judgements, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, and revenues and expenses. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

2. Significant accounting policies (continued)

(l) Critical accounting judgements, estimates and assumptions (continued)

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

Critical judgements, estimates and assumptions that have the most significant effect on the amounts recognized in the financial statements are described below.

(i) Fair value of financial instruments

All financial instruments are required to be recognized at fair value on initial recognition. Subsequent measurement is at amortized cost or fair value depending on the classifications of the financial instruments.

Fair value is determined by reference to quoted prices where available and in the absence thereof, internal or external valuation models. These models require assumptions and estimates that may vary significantly from actual results. The judgemental components could include; (a) the values attributed to each component of a transaction at the time of their issuance; (b) the fair value measurements for certain instruments that require subsequent measurement at fair value on a recurring basis; and (c) for disclosing the fair value of financial instruments subsequently carried at amortized cost.

(ii) Leases

The application of IFRS 16 requires the Company to make judgments that affect the valuation of the right-of-use asset and corresponding lease liability. These include but are not limited to; the determination of the applicable contracts and terms, the discount interest rate, the intent for future options to extend or purchase, the economic useful life of non-current assets as well as the separation of non-lease components.

2. Significant accounting policies (continued)

(iii) Deferred tax assets

Deferred tax assets, including those arising from tax loss carry-forwards, require management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

(m) New and amended standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the period ended December 31, 2017 and have not been applied in preparing these consolidated financial statements. The Company is assessing the impact of these new standards on future consolidated financial statements. Pronouncements that are not applicable or where it has been determined do not have a significant impact to the Company have been excluded herein.

(i) IFRS 9 Financial instruments

In July 2014, the IASB issued the final version of *IFRS 9, Financial instruments* which replaces *IAS 39, Financial instruments: recognition and measurement* and all previous versions of IFRS 9. The standard introduces new requirements for classification, measurement, derecognition of financial instruments, hedge accounting and introduces a new impairment model for financial assets. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted.

(ii) IFRS 7 Financial instruments: disclosure

IFRS 7 Financial instruments: disclosure, was amended to require additional disclosures on transition from IAS 39 to IFRS 9. IFRS 7 is effective on adoption of IFRS 9, which is effective for annual periods commencing on or after January 1, 2018.

2. Significant accounting policies (continued)

(iii) IFRS 2 Share-based payment

In June 2016, the IASB issued amendments to *IFRS 2 Share-based Payment* clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for:

- the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- share-based payment transactions with a net settlement feature for withholding tax obligations;
- a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The amendments are effective for annual periods beginning on or after January 1, 2018.

3. Adoption of new and amended standards and interpretations

(a) IFRS 15 Revenue from contracts with customers

The IASB replaced *IAS 18, Revenue*, in its entirety with *IFRS 15, Revenue from contracts with customers*. The standard contains a single model that applies to contracts with customers and provides two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with early application permitted.

The Company has elected to adopt the new standard effective this first reporting period ended December 31, 2017. Westleaf did not engage in any commercial activities in its financial statements reporting period. As such, no revenues are yet being earned or recognized and no modifications to existing recognition processes and disclosures are needed.

The Company will apply the requisite five-step methodology to all contracts with customers and will further assess the impact of any implemented loyalty program in terms of the allocation of any consideration received to such program. Applicable disclosures will reflect the enhancements required with this new standard.

3. Adoption of new and amended standards and interpretations (continued)

(b) IFRS 16 Leases

In January 2016, the IASB issued *IFRS 16, Leases*, which will replace *IAS 17, Leases*. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard will be effective for annual periods beginning on or after January 1, 2019, with earlier application permitted for entities that apply *IFRS 15, Revenue from contracts with customers* at or before the date of initial adoption of IFRS 16.

The Company has elected to adopt the new standard effective this first reporting period ended December 31, 2017. The application of the new standard has identified no contracts which contain lease components within the reporting period.

4. Accounts receivable

	2017
	$
GST recoverable	7
Balance, December 31,	7

All amounts are due in the short-term. The net carrying amounts are a reasonable approximation of their fair value. Westleaf has not set up any allowance for the accounts presented above as they are considered collectible.

5. Other current assets

	2017
	$
Prepaid expense and deposits	103
Balance, December 31,	103

During the period ended December 31, 2017, the Company made a deposit of $100 towards the purchase of a commercial property. Subsequent to the period end, the transaction was completed, and further details can be found in Note 15(h).

6. Short-term loans

Type of loan	Maturity Date	2017
		$
Unsecured demand loan (a)	On demand	522
Unsecured loans from related parties (b)	On demand	140
Balance, December 31,		662

(a) The Company has received a non-interest bearing cash deposit in the amount of $525 from an arm's length party with whom a private placement investment transaction is to occur subsequent to the period end. The transaction was completed July 24, 2018, and further details can be found in Note 15(i).

(b) The Company's shareholders provided a working capital injection to the Company as a non-interest bearing short-term loan. The amount was repaid in full to the shareholders subsequent to the period end.

7. Share capital and reserves

(a) Authorized

Unlimited number of Class A common voting shares
Unlimited number of Class B common voting shares
Unlimited number of Class C common non-voting shares
Unlimited number of Preferred shares

7. Share capital and reserves (continued)

(b) Issued and outstanding

At December 31, 2017, there were 200,000 issued and fully paid Class A common voting shares. These shares were issued August 22, 2017.

8. General and administration expenses

	2017
	$
Consulting fees	90
Professional fees	74
Travel and accomodation	43
Office and general	9
Total expenses	216

9. Income taxes

The reconciliation of the income tax expense reported in the consolidated financial statements is as follows:

	2017
Combined federal and provincial rate	27%
	$
Expected tax benefit resulting from loss	(59)
Permanent differences	1
Provision to offset deferred tax asset (a)	58
Income tax recovery	-

(a) The calculated deferred tax arising from loss carry-forwards has been offset with a provision as the Company is not yet earning taxable income with which to realize this tax asset.

9. Income taxes (continued)

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax values. Movements in deferred tax assets (liabilities) at December 31, 2017, are comprised of the following:

	As at August 22, 2017	Recognized in loss and comprehensive loss	Recognized in equity	As at December 31, 2017
	$	$	$	$
Deferred tax assets				
Non-capital losses	-	58	-	58
Net deferred tax assets	-	58	-	58
Deferred tax assets not recognized	-	(58)	-	(58)
Total	-	-	-	-

As of December 31, 2017, the Company has no recognized deferred tax assets or liabilities. The Company has a non-capital loss of approximately $213 which is available for deduction against future taxable income until year 2037. The Company does not recognize the benefit of $58 arising from its total non-capital loss as the Company is not yet generating revenues from operations.

10. Related party transactions

Transactions with related parties are recorded at their fair value amounts.

(a) Goods and services

The Company incurred the following transactions with related parties during the period ended December 31, 2017:

	2017
	$
Consulting fees paid to a company owned by an officer of the Company	15
Total	15

10. Related party transactions (continued)

(b) Compensation of key management personnel

The Company's key management personnel have the authority and responsibility for planning, directing and controlling the activities of the Company and consists of the Company's executive management team and management directors.

Due to the start-up nature of this reporting period, there were no compensation or fees paid to management personnel other than disclosed above in (a).

(c) Related party balances

The following related party amounts were included in short-term loans:

	2017
	$
Officers and shareholders of the Company (Note 6)	140
Total	140

11. Change in non-cash working capital

The change in non-cash working capital items is as follows:

	2017
	$
Accounts receivable	(7)
Other current assets	(103)
Accounts payable and accrued liabilities	99
Total	(11)

12. Financial instruments and risk management

(a) Fair value of financial instruments

The Company's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities and short-term loans. The carrying values of these financial instruments approximate their fair values as at December 31, 2017.

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

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

There have been no transfers between fair value levels during the period.

The following table summarizes the Company's financial instruments as at December 31, 2017:

	Loans and receivables	Other financial liabilities	Total
	$	$	$
Financial assets			
Cash	200	-	200
Accounts receivable	7	-	7
Total	452	-	452
Financial liabilities			
Accounts payable and accrued liabilities	-	99	99
Short-term loans	-	662	662
Total	-	761	761

12. Financial instruments and risk management (continued)

(b) Financial instruments risk

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

(i) Credit risk

Credit risk is the risk of a potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company is moderately exposed to credit risk from its cash and accounts receivable. The risk exposure is limited to their carrying amounts at the statement of financial position date. The risk for cash is mitigated by holding these instruments with highly rated Canadian financial institutions.

Accounts receivable consists of goods and services taxes recoverable ("GST"). Credit risk associated with this balance is minimal due to the nature of the amounts and the governmental nature of the payor.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages liquidity risk through the management of its capital structure. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due. See Note 14 for further details of resource management.

In the absence of any commitments as outlined in Note 13, the Company has the following contractual obligations:

	Total	<1 year	>1 year
	$	$	$
Accounts payable and accrued liabilities	99	99	-
Short-term loans	662	662	-
Total	761	761	-

12. Financial instruments and risk management (continued)

(iii) Market risk

a) Currency risk

The operating results and financial position of the Company are reported in Canadian dollars. The Company is not currently subject to any international operations nor the currency risk associated with it.

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The cash instruments bear interest at market rates while the Company's short-term loans bear no interest.

c) Price risk

Price risk is the risk of variability in fair value due to movements in equity or market prices. The Company currently holds no instruments that are susceptible to price risk arising from uncertainties about their future values.

13. Commitments and contingencies

Westleaf has no existing commitments or contingencies as at the period end. See subsequent events Note 15.

14. Capital management

The Company's objectives when managing its capital are to ensure its ability to continue as a going concern while maintaining the needed resources to fund ongoing operations and development to provide returns to its shareholders.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the Company's underlying assets. To maintain or adjust its capital structure, the Company may issue new shares or new debt.

As at December 31, 2017, the Company is not subject to externally imposed capital requirements.

15. Subsequent events

The following events occurred subsequent to the period ended December 31, 2017:

(a) On March 6, 2018, a wholly-owned subsidiary Westleaf Retail Inc. ("WRI") was incorporated under the Alberta, Canada, jurisdiction, through which the Company's retail operations will be conducted.

(b) On March 29, 2018, a shared control entity Delta West Inc. ("DWI") was incorporated under the Alberta, Canada, jurisdiction, through which the general partner oversight of a limited partnership (see (d)) will be handled. This involves a project with a TSXV listed company, Delta 9 Cannabis Inc. ("Delta 9), to facilitate the joint development of a production and extraction facility in Calgary, Alberta, Canada ("the Delta West Facility"). Each of Westleaf and Delta 9 holds a 50% interest in DWI.

(c) On April 12, 2018, a wholly-owned subsidiary Westleaf Cultivation Management II Inc. ("WCMII") was incorporated under the Alberta, Canada, jurisdiction, through which management services will be provided to the Delta West Facility in Calgary, Alberta, Canada.

(d) On April 18, 2018, an Alberta, Canada, Limited Partnership, Delta West LP ("DWLP") was formed to facilitate the joint development of the Delta West Facility in Calgary, Alberta, Canada. Each of Westleaf and Delta 9 holds a 50% interest in DWLP.

(e) On April 19, 2018, Westleaf closed a non-brokered private placement of approximately 25 million Units at $0.50 per Unit for gross proceeds of approximately $12.5 million. Each Unit consisted of one common share and one liquidity warrant. The warrants provide for a $1/10^{th}$ common share exercisable only in the absence of a liquidity transaction. The placement resulted in approximately 45% ownership of total outstanding shares. The Company intends to use the net proceeds from the offering to fund its cannabis production facilities as well as retail distribution to be located in Alberta, Saskatchewan and British Columbia.

Concurrent with the private placement, a share exchange transaction was done to exchange the 200,000 Class A common shares to 30 million common shares.

As part of agent compensation, 162,840 warrants were issued providing for the conversion to common shares of the Company at $0.75 per share. The exercise expiration date is March 29, 2020.

15. Subsequent Events (Continued)

(f) On April 19, 2018, Westleaf entered into a Limited Liability Partnership Agreement with Delta 9 to jointly develop and operate the Delta West Facility. DWI will act as the general partner (see (b) above) and WCMII will act as manager of the general partner (see (c) above). Each partner owns a 50% interest in the project and each has contributed $3 million to the limited partnership. These funds together with debt financing will be used for initial development of the project. This venture is for the joint development of the Delta West Facility, a large-scale 60,000 square feet cannabis production and extraction facility. The facility will include cultivation, research and development, processing, extraction and fulfilment centre supply.

(g) On April 19, 2018, DWI and DWLP entered in to a two-year term loan facility arrangement with Alberta Treasury Branch ("ATB"). The loan is based on a ten-year amortization time period with the first renewal occurring at the end of the initial two-year term. The loan facility provides for an initial financing in the amount of a non-revolving $4.3 million committed term facility for which the funds are available by way of one draw and which are to be used towards the purchase of a property to be used for the Delta West Facility.

This initial facility for the full amount of $4.3 million was drawn on May 1, 2018, with interest at a prime plus 3% annual rate. The facility contains a restricted cash component ("pledged cash") which holds a portion of the facility draw in trust to be applied against the quarterly payment requirements. At the time of the draw, an amount of $1.17 million was pledged. Payments of blended principal and interest are due each of the next eight quarters commencing June 30, 2018. The loan is secured by a first fixed charge on the facility property and land, as well as a first position on a site specific general security agreement. The initial term has a maturity date of May 1, 2020 and the loan may be paid in whole or in part at any time without penalty. A non-refundable commitment fee of $17 thousand was paid by the borrowers upon drawdown of the facility.

The loan is subject to a fixed charge coverage ratio financial covenant effective for the quarter ending June 30, 2019.

The loan facility also provides for an additional borrowing amount, at the discretion of the lender, up to $3.2 million to be used towards Phase II of the Delta West facility.

(h) On May 1, 2018, Westleaf completed the purchase of an existing building and land in Calgary, Alberta, Canada, for a brownfield retrofit for the Delta West Facility discussed in (f) above. Total purchase price was $6.9 million plus an additional $37 thousand in closing costs.

(i) On July 24, 2018, Westleaf completed a non-brokered private placement with one entity of approximately 16 million Units at $0.50 per Unit for gross proceeds of approximately $8 million.

(j) On July 27, 2018, a wholly-owned subsidiary Westleaf Retail BC Inc. ("WRBC") was incorporated under the British Columbia, Canada, jurisdiction, through which the Company's retail operations in British Columbia will be conducted.

WESTLEAF CANNABIS INC.

Condensed Interim Consolidated Financial Statements
(Unaudited)

For the three and six months ended June 30, 2018
(In Canadian Dollars)

WESTLEAF CANNABIS INC.

Condensed Interim Consolidated Statement of Financial Position

As at June 30, 2018 and December 31, 2017

(Unaudited - In thousands of Canadian dollars)

	Notes	June 30, 2018	December 31, 2017
		$	$
Assets			
Current assets			
Cash	9(a)	8,937	445
Accounts receivable	4, 16(b)	184	7
Other current assets	5	210	103
		9,331	555
Capital assets	6	9,766	-
Right-of-use assets	8	64	-
Intangible assets	2, 7	57	-
		19,218	555
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	16(b)	904	99
Short-term loans	9, 16(b)	465	662
Current portion of lease liabilities	8	31	-
Current portion of long-term debt	9	430	-
		1,830	761
Long-term lease liabilities	2, 8	32	-
Long-term debt	9	3,770	-
		5,632	761
Shareholders' equity (deficiency)			
Share capital	10	12,162	10
Contributed surplus	10	13	-
Deficit		(1,507)	(216)
Equity (deficiency) attributable to Westleaf Cannabis Inc		10,668	(206)
Non-controlling interest	14	2,918	-
Total equity (deficiency)		13,586	(206)
		19,218	555

Nature of operations (Note 1)

Commitments and contingencies (Note 17)

Subsequent events (Note 19)

Approved on behalf of the board:

"Taylor Ethans"	"Scott Hurd"
Signed: Director	Signed: Director

WESTLEAF CANNABIS INC.

Condensed Interim Consolidated Statement of Comprehensive Loss

For the three and six months ended June 30, 2018

(Unaudited - In thousands of Canadian dollars, except share and per share amounts)

	Notes	Three months ended June 30, 2018	Six months ended June 30, 2018
		$	$
Operating expenses			
General and administration	11	944	1,249
Depreciation and amortization	6, 7, 8	7	7
		951	1,256
Loss from operations		(951)	(1,256)
Non-operating items:			
Foreign exchange loss		2	2
Transaction costs		110	115
		112	117
Loss before income taxes		(1,063)	(1,373)
Income tax			
Deferred, net		-	-
Total income tax		-	-
Net loss and comprehensive loss		(1,063)	(1,373)
Net loss and comprehensive loss attributable to:			
Westleaf Cannabis Inc		(981)	(1,291)
Non-controlling interests	14	(82)	(82)
		(1,063)	(1,373)
Net loss per share			
Basic and diluted		(0.02)	(0.04)
Weighted average number of shares outstanding			
Basic and diluted		54,170,363	33,959,276

WESTLEAF CANNABIS INC.

Condensed Interim Consolidated Statement of Changes in Equity

For the period August 22, 2017 (date of incorporation) to June 30, 2018

(Unaudited - In thousands of Canadian dollars, except share amounts)

	Number of shares	Share capital (Note 10)	Warrants (Note 10)	Non-controlling interest (Note 14)	Deficit attributable to shareholders	Total
	#	$	$	$	$	$
Balance, December 31, 2017	200,000	10	-	-	(216)	(206)
Share exchange - cancellation class A common	(200,000)	-	-	-	-	-
Share exchange - common shares	30,000,000	-	-	-	-	-
Share issuance - March private placement	19,463,000	9,732	-	-	-	9,732
Comprehensive loss for the period	-	-	-	-	(310)	(310)
Balance, March 31, 2018	49,463,000	9,742	-	-	(526)	9,216
Share issuance - April private placement	5,500,000	2,750	-	-	-	2,750
Warrants issued - share issuance costs	-	(13)	13	-	-	-
Share issuance costs	-	(317)	-	-	-	(317)
Non-controlling interest arising from Delta West Limited Partnership (Note 1(c))	-	-	-	3,000	-	3,000
Comprehensive loss for the period	-	-	-	(82)	(981)	(1,063)
Balance, June 30, 2018	54,963,000	12,162	13	2,918	(1,507)	13,586

WESTLEAF CANNABIS INC.

Condensed Interim Consolidated Statement of Cash Flows

For the six months ended June 30, 2018

(Unaudited - In thousands of Canadian dollars)

	Notes	Six months ended June 30, 2018
Cash provide by (used in)		
Operating activities		
Net loss for the period		(1,373)
Depreciation and amortization	6, 7, 8	7
Changes in non-cash working capital	15	521
Cash used in operating activities		(845)
Investing activities		
Purchase of capital assets	6	(9,770)
Purchase of right-of-use asset	8(b)	(67)
Purchase of intangible assets	7	(57)
Cash used in investing activities		(9,894)
Financing activities		
Proceeds from issuance of common shares	10	12,482
Share issuance costs	10	(317)
Proceeds from issuance of limited partnership units by Delta West Limited Partnership	14	3,000
Repayment of short-term loans	9(b)(c)	(197)
Increase in lease liabilities	8(c)	63
Increase in long-term debt	9(a)	4,200
Cash provided by financing activities		19,231
Increase in cash		8,492
Cash, beginning of period		445
Cash, end of period		8,937

1. Nature of operations and general information

(a) Nature of operations

Westleaf Cannabis Inc. was incorporated August 22, 2017, under the Business Corporations Act (Alberta) as a privately held entity.

The condensed interim consolidated financial statements as at and for the period ended June 30, 2018, include Westleaf Cannabis Inc. and its subsidiaries (together referred to as the "Company" or "Westleaf"). The Company is undertaking the licensing and infrastructure to produce and sell marijuana pursuant to the Access to Cannabis for Medical Purposes Regulations ("ACMPR") as well as the Cannabis Act.

(b) General information

The head office and principal address of the Company is Suite 1000, 517 – 10 Avenue SW, Calgary, AB, Canada. The Company's registered and records office address is Suite 1900, 520 – 3 Avenue SW, Calgary, AB, Canada.

(c) Basis of consolidation

Directly and indirectly controlled entities are treated as subsidiaries of the Company and are included in the consolidated financial statements. Control exists when the Company has the power to govern the financial and operating policies of an entity and be exposed to the variable returns achieved by the entity.

These subsidiaries include Westleaf Cultivation Management I Inc. ("WCMI"), Westleaf Cultivation Management II Inc. ("WCMII"), Westleaf Retail Inc. ("WRI"), Delta West Inc. ("DWI") and Delta West Limited Partnership ("DWLP"), all of which were formed under the Alberta, Canada, jurisdiction.

All significant intercompany balances and transactions were eliminated on consolidation.

The non-controlling interests in these subsidiaries are identified separately in these condensed interim consolidated financial statements (Note 14).

The table below lists the Company's subsidiaries and the ownership interests in each.

Subsidiary	Percentage of ownership	Accounting method
Westleaf Cultivation Management I Inc.	100%	Consolidation
Westleaf Cultivation Management II Inc.	100%	Consolidation
Westleaf Retail Inc.	100%	Consolidation
Delta West Inc.	50%	Consolidation
Delta West Limited Partnership	50%	Consolidation

(d) Going Concern

The condensed interim consolidated financial statements have been prepared on a going concern basis, which implies that the Company will continue to realize its assets and discharge its liabilities in the normal course of business. The Company had a net loss and negative cash flows from operations as a result of its start-up status.

During the six months ended June 30, 2018, the Company secured significant equity and debt financing as disclosed within these financial statements and accompanying notes. Subsequent to the period end, Westleaf closed a non-brokered private placement of approximately $8 million as well as secured a loan facility for approximately $24 million to be used for its Battleford Facility (Note 19).

2. Significant accounting policies

(a) Statement of compliance

The condensed interim consolidated financial statements of the Company have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting,* following the same accounting policies and application as those disclosed in the annual audited consolidated financial statements for the period ended December 31, 2017.

The interim condensed consolidated financial statements do not include all of the information and disclosures required in the annual consolidated financial statements. Accordingly, these interim financial statements should be read in conjunction with the annual consolidated financial statements for the period ended December 31, 2017, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors of the Company on September 17, 2018.

(b) Capital assets

Capital assets are measured at cost less accumulated depreciation and impairment losses. Depreciation is provided on a straight-line basis over the following terms:

Computer software and hardware	3 years
Furniture and fixtures	5 years

An asset's residual value, useful life and depreciation method are reviewed during each financial year and adjusted if appropriate.

Construction in progress assets are transferred to their applicable asset class when available for use and depreciation of the assets commences at that point.

The Company capitalizes borrowing costs on capital invested in construction in progress projects (Note 6). Upon commencement of commercial operations, capitalized borrowing costs, as a portion of the total cost of the asset, are depreciated over the useful life of the related asset.

(c) Intangible assets

Intangible assets are measured at cost less accumulated amortization and impairment losses. Amortization is provided on a straight-line basis over the following terms:

Website development	3 years
Trademarks	15 years

An asset's residual value, useful life and amortization method are reviewed during each financial year and adjusted if appropriate.

2. Significant accounting policies (continued)

(d) Impairment of long-lived assets

Long-lived assets, including capital assets and intangible assets are tested annually for impairment, or more frequently if events or changes in circumstance indicated that they might be impaired. For the purpose of testing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating unit "CGU"). The recoverable amount of an asset or a CGU is the higher of its fair value less cost to sell and its value in use as determined by the present value of the expected future cash flows of such assets or CGU. If the carrying amount of an asset or CGU exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss equal to the amount of the excess. Any subsequent reversal of an impairment loss will be treated as an increase to the carrying amount of the asset. The increase to the carrying amount of the asset or CGU will be the lesser of the value needed to present the carrying amount at what it would have been at the time of the impairment reversal if no impairment loss was initially recognized or the revised estimate of the recoverable amount for the asset or CGU.

(e) Leases

The company early adopted *IFRS 16 Leases*, which replaces *IAS 17 Leases*, effective for its first reporting period ended December 31, 2017. The Company had no contracts which contained lease components under the application of the new standards for its first reporting period.

Leasee

At the inception of a contract, the Company assesses whether the contract is, or contains a lease. The right to control the use of an identified asset for a period of time in exchange for consideration is the underlying arrangement which is assessed to deem a lease classification. Several criteria are reviewed including;

- whether substantial use of the asset will occur
- whether substantial economic benefit from the use of the asset will be received
- whether the Company has the right to direct use of the asset

For a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

Any leases that are short-term or low-value in nature, are elected under the IFRS 16 guidance to be expensed as the obligation for the consideration to be paid is incurred.

Measurement

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is measured at cost and is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, any initial direct costs incurred, estimated costs to dismantle the underlying asset and restore the underlying asset or site on which it was located and less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the asset or the end of the lease term. The asset life is determined using the same basis as those for similar capital assets (Note 2(b)). Any subsequent remeasurement of the corresponding lease liability would also reduce the asset value as an impairment loss.

2. Significant accounting policies (continued)

(e) Leases (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease payments included in the measurement of the lease liability include fixed payments, variable lease payments dependent on an index or rate, expected amounts to be paid under a residual value guarantee and if reasonably certain to exercise, any purchase, termination or renewal option amounts.

Subsequent measurement of the lease liability is at amortized cost using the effective interest method. Remeasurement occurs when there is a change in the future lease payments arising from changes in the underlying index or rate or if the Company's intentions to purchase, terminate or renew change. A corresponding adjustment is made to the right-of-use asset or else is recorded in the consolidated statement of comprehensive profit and loss if the corresponding asset has a $nil carrying value.

Short-term lease and low-value asset leases

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases with lease terms of 12 months or less as well as leases of low-value assets.

3. Adoption of new and amended standards and interpretations

(a) IFRS 9 Financial instruments

In July 2014, the IASB issued the final version of *IFRS 9 Financial instruments* which replaces *IAS 39 Financial instruments: recognition and measurement* and all previous versions of IFRS 9. The standard introduces new requirements for classification, measurement, derecognition of financial instruments, hedge accounting and introduces a new impairment model for financial assets. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted.

The Company adopted IFRS 9 as at January 1, 2018. IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. Financial liabilities remain as classified as other financial liabilities with measurement at amortized cost or classified as fair value through profit or loss with measurement at fair value. IFRS 9 eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale. Under IFRS 9, on initial recognition, a financial asset is classified as measured at amortized cost or else at fair value with changes recognized in other comprehensive income or at fair value with changes recognized in profit and loss.

The adoption of IFRS 9 did not have a material impact on the Company's consolidated financial statements.

The following tables summarizes the changes as at June 30, 2018, in the classification and measurement for the Company's financial assets and financial liabilities following the adoption.

3. Adoption of new and amended standards and interpretations (continued)

(a) IFRS 9 Financial instruments (continued)

	Classification		Carrying amount	
	IAS 39	IFRS 9	IAS 39	IFRS 9
			$	$
Financial assets				
Cash	Loans and receivables	Amortized cost	8,937	8,937
Accounts receivable	Loans and receivables	Amortized cost	184	184
Total			9,121	9,121
Financial liabilities				
Accounts payable and accrued liabilities	Other financial liabilities	Other financial liabilities	904	904
Short-term loans	Other financial liabilities	Other financial liabilities	465	465
Current portion of lease liabilities	Other financial liabilities	Other financial liabilities	31	31
Current portion of long-term debt	Other financial liabilities	Other financial liabilities	430	430
Long-term lease liabilities	Other financial liabilities	Other financial liabilities	32	32
Long-term debt	Other financial liabilities	Other financial liabilities	3,770	3,770
Total			5,632	5,632

The adoption of IFRS 9 did not result in any adjustments to the measurement of financial assets and financial liabilities. As a result, no transition presentation is required for the consolidated financial statements.

(b) IFRS 7 Financial instruments: disclosure

IFRS 7 Financial instruments: disclosure, was amended to require additional disclosures on transition from IAS 39 to IFRS 9. IFRS 7 is effective on adoption of IFRS 9, which is effective for annual periods commencing on or after January 1, 2018.

The Company adopted IFRS 7 as at January 1, 2018. The adoption of this amendment did not have a material impact on the Company's consolidated financial statements.

(c) IFRS 2 Share-based payment

In June 2016, the IASB issued amendments to *IFRS 2 Share-based payment* clarifying how to account for certain types of shared-based payment transactions. The amendments provide requirements on the accounting for:

- the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- share-based payment transactions with a net settlement feature for withholding tax obligations;
- a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

3. Adoption of new and amended standards and interpretations (continued)

(c) IFRS 2 Share-based payment (continued)

The amendments are effective for annual periods beginning on or after January 1, 2018. The Company adopted IFRS 2 as at January 1, 2018. The adoption of this amendment did not have a material impact on the Company's consolidated financial statements.

4. Accounts receivable

	June 30, 2018	December 31, 2017
	$	$
GST recoverable	148	7
Other	36	-
Balance	184	7

All amounts are due in the short-term. The net carrying amounts are a reasonable approximation of their fair value. Westleaf has not set up any allowance for the accounts presented above as they are considered collectible.

5. Other current assets

	June 30, 2018	December 31, 2017
	$	$
Prepaid expense and deposits	210	103
Balance	210	103

The majority of the balance as at June 30, 2018, is comprised of refundable deposit amounts for retail cannabis permit applications.

6. Capital assets

	Land	Construction in progress	Furniture & fixtures	Computer software & hardware	Total
	$	$	$	$	$
Cost					
Balance, December 31, 2017	-	-	-	-	-
Additions	4,300	5,426	2	42	9,770
Balance, June 30, 2018	4,300	5,426	2	42	9,770

	$	$	$	$	$
Accumulated Depreciation					
Balance, December 31, 2017	-	-	-	-	-
Depreciation	-	-	-	4	4
Balance, June 30, 2018	-	-	-	4	4

	$	$	$	$	$
Net Book Value					
Balance, December 31, 2017	-	-	-	-	-
Balance, June 30, 2018	4,300	5,426	2	38	9,766

a) On May 1, 2018, Westleaf completed the purchase of an existing building and land in Calgary, Alberta, Canada, for a brownfield retrofit of a production facility. Total purchase price was $6.9 million plus an additional $37 thousand in closing costs. The facility will comprise of 60,000 square feet to be utilized as a cannabis production, processing and extraction facility. This facility is referred to as the Delta West Facility and is a joint development with a partner, Delta 9 Cannabis Inc. ("Delta 9").

As at June 30, 2018, property acquisition costs related to the facility as well as construction costs, were capitalized as construction in progress assets. No depreciation for these assets has yet been recognized as the facility is still under production and not in use.

During the three and six months ended June 30, 2018, $23 and $46 respectively in borrowing costs were capitalized to the construction in progress assets at a rate of 6.45%.

(b) Westleaf is constructing a green field build of a large-scale development of a cannabis production facility located in Battleford, Saskatchewan, Canada. Phase I is comprised of a 65,000 square feet cannabis indoor cultivation facility.

As at June 30, 2018, construction costs were capitalized as construction in progress assets. No depreciation for these assets has yet been recognized as the facility is still under production and not in use.

7. Intangible assets

	Trademarks	Website	Total
	$	$	$
Cost			
Balance, December 31, 2017	-	-	-
Additions	9	48	57
Balance, June 30, 2018	9	48	57

	Trademarks	Website	Total
	$	$	$
Accumulated Amortization			
Balance, December 31, 2017	-	-	-
Amortization	-	-	-
Balance, June 30, 2018	-	-	-

	Trademarks	Website	Total
	$	$	$
Net Book Value			
Balance, December 31, 2017	-	-	-
Balance, June 30, 2018	9	48	57

Trademark registrations are pending and amortization of these assets has not yet commenced.

Website development is ongoing and amortization of these assets has not yet commenced.

8. Leases

(a) Nature of leasing activities

Computer software and hardware

This leased asset category is comprised of a two-year lease for an annual subscription to a software program. The lease is a fixed US dollar denomination and as such can be subject to variations in valuation due to foreign exchange. There were no revaluation adjustments in this reporting period.

8. Leases (continued)

(b) Right-of-use assets

	Computer software & hardware	Total
	$	$
Cost		
Balance, December 31, 2017	-	-
Additions	67	67
Balance, June 30, 2018	67	67

	$	$
Accumulated Depreciation		
Balance, December 31, 2017	-	-
Depreciation	3	3
Balance, June 30, 2018	3	3

	$	$
Net Book Value		
Balance, December 31, 2017	-	-
Balance, June 30, 2018	64	64

(c) Lease liabilities

	June 30, 2018	December 31, 2017
	$	$
Maturity - contractual undiscounted cash flows		
Less than one year	34	-
One to five years	32	-
More than five years	-	-
Total undiscounted lease liabilities	66	-
Lease liabilities included in the statement of financial position		
Current	31	-
Long-term	32	-
	63	-

8. Leases (continued)

(d) Amounts recognized in profit or loss

	June 30, 2018	December 31, 2017
	$	$
Expenses relating to short-term leases	20	-

The short-term leases are comprised of premise rent amounts paid on month-to-month contracts which have ceased as at June 30, 2018, or which are not intended to be utilized for greater than twelve months.

(e) Amounts recognized in the statement of cash flows

	June 30, 2018	December 31, 2017
	$	$
Total cash outflow for leases	5	-

9. Borrowings

Short-term

Type of loan	Maturity date	June 30, 2018	December 31, 2017
		$	$
Term loan debt - current portion (a)	May 1, 2020	430	-
Unsecured demand loan (b)	On demand	465	522
Unsecured loans from related parties (c)	On demand	-	140
Balance		895	662

Long-term

Type of loan	Maturity date	June 30, 2018	December 31, 2017
		$	$
Term loan debt (a)	May 1, 2020	3,770	-
Balance		3,770	-

(a) Term loan debt

On April 19, 2018, Delta West Inc. ("DWI") and Delta West Limited Partnership ("DWLP") entered in to a two-year term loan facility arrangement with Alberta Treasury Branch ("ATB"). The loan is based on a ten-year amortization time period with the first renewal occurring at the end of the initial two-year term. The loan facility provided for an initial financing in the amount of a non-revolving $4.3 million committed term facility for which the funds were available by way of one draw and which were used towards the purchase of the Delta West Facility property. Further details on the property can be found in Note 6.

9. Borrowings (continued)

(a) Term loan debt (continued)

The full amount of $4.3 million was drawn on May 1, 2018, with interest at a prime plus 3% annual rate. The facility contains a restricted cash component ("pledged cash") which holds a portion of the facility draw in trust to be applied against the quarterly payment requirements. At the time of the draw, an amount of $1.17 million was pledged.

Payments of blended principal and interest amounting to approximately $145 are due each of the next eight quarters commencing June 30, 2018. The loan is secured by a first fixed charge on the facility property and land, as well as a first position on a site specific general security agreement. The initial term has a maturity date of May 1, 2020 and the loan may be paid in whole or in part at any time without penalty. A non-refundable commitment fee of $17 was paid by the borrowers upon drawdown of the facility.

The loan is subject to a fixed charge coverage ratio financial covenant effective for the quarter ending June 30, 2019.

The loan facility also provides for an additional borrowing amount up to $3.2 million to be used towards Phase II of the Delta West facility upon obtainment of the production license.

(b) Unsecured demand loan

The Company had received a non-interest bearing cash deposit in the amount of $525 from an arm's length party with whom a private placement investment was to occur subsequent to the period ended June 30, 2018. Amounts paid by Westleaf on behalf of the arm's length party in the amounts of $3 and $57 respectively were netted against the demand loan balance owing as at December 31, 2017, and June 30, 2018. The remaining balance was repaid in full to the arm's length party subsequent to current reporting period.

(c) Unsecured loan from related party

The Company's shareholders provided a working capital injection to the Company as a non-interest bearing short-term loan. The amount was repaid in full to the shareholders in the current reporting period.

10. Share capital and reserves

(a) Authorized

Unlimited number of Common voting shares
Unlimited number of Preferred shares

The Class A common voting shares that existed at December 31, 2017, were re-designated as Common voting shares concurrent with the private placement which occurred on April 19, 2018. The Class B and Class C common voting shares were cancelled at that time.

(b) Common shares issued and outstanding

Westleaf closed a non-brokered private placement of approximately 25 million Units at $0.50 per Unit for gross proceeds of approximately $12.5 million less cash transaction costs of $317, and less share-based payments for agent warrants issued of $13 (Note 10(c)). The private placement closed in three tranches of approximately 3.6 million, 15.9 million and 5.5 million units on March 13, March 29, and April 19, 2018 respectively. Each Unit consisted of one common share and one liquidity warrant. See Note 10(c) below for further details of the warrants. The placement resulted in approximately 45% ownership of total outstanding

10. Share capital and reserves (continued)

(c) Common shares issued and outstanding (continued)

shares. Concurrent with the private placement, a share exchange transaction was completed to exchange the 200,000 Class A common shares to 30 million common shares.

(d) Warrants issued and outstanding

Liquidity warrants

The private placement which concluded on April 19, 2018, consisted of Units which comprised one common share and one liquidity warrant. The liquidity warrants provide for a $1/10^{th}$ common share exercisable only in the absence of a liquidity transaction prior to March 13, 2019. There is a total of approximately 25 million outstanding warrants for which the Company has determined a $nil fair value at this time due to a minimal probability with regard to exercise by the holders.

Agent warrants

The private placement which concluded on April 19, 2018, included an agent compensation component which comprised approximately 163 thousand warrants. These warrants entitle the holder to purchase one common share of the Company at a price of $0.75 per share with an expiry date of March 29, 2020. During the six months ended June 30, 2018, the Company recorded share-based payments of approximately $13 for agent compensation related to the private placement. The fair value of the warrants was estimated using the Black-Scholes valuation model. The following assumptions were used:

	June 30, 2018
Volatility	51%
Risk-free interest rate	1.77%
Expected life	2 years
Dividend yield	Nil
Forfeiture rate	0%
Share price	$0.50

11. General and administration expenses

	Three months ended June 30, 2018	Six months ended June 30, 2018
	$	$
Salaries and wages	479	571
Office and general	224	293
Marketing and branding	92	157
Professional fees	81	124
Travel and accommodation	58	90
Consulting fees	10	14
Total general and administration	944	1,249

12. Finance and other costs

	Three months ended June 30, 2018	Six months ended June 30, 2018
	$	$
Interest expense term loan debt (a)	-	-
Interest expense leases	-	-
Bank charges and other	2	3
Total expenses	2	3

(a) The Company has capitalized $46 of interest relating to its term loan debt to construction in progress for the three and six months ended June 30, 2018.

13. Related party transactions

Transactions with related parties are recorded at their fair value amounts.

(a) Goods and services

The Company had no such transactions with related parties during the period ended June 30, 2018.

(b) Compensation of key management personnel

The Company's key management personnel have the authority and responsibility for planning, directing and controlling the activities of the Company and consists of the Company's executive management team and management directors.

	Three months ended June 30, 2018	Six months ended June 30, 2018
	$	$
Management compensation	240	240
Total	240	240

The amounts above are short-term in nature and do not include any share-based compensation.

13. Related party transactions (continued)

(c) Related party balances

The following related party amounts were included in the consolidated statements of financial position:

	June 30, 2018	December 31, 2017
		$
Officers and shareholders of the Company	8	(140)
Total	8	(140)

As at June 30, 2018, receivable amounts of $8 for reimbursements owed by officers of the Company were sitting in the other accounts receivable balance (Note 4).

As at December 31, 2017, a loan amount of $140 was sitting in the short-term loan balance (Note 9(c)).

14. Non-controlling interest

The following table presents the summarized financial information about the Company's subsidiary that has a non-controlling interest. This information represents amounts before intercompany eliminations.

	DWI	DWLP
	June 30, 2018	June 30, 2018
	$	$
Cash	3,375	-
Accounts receivable	2	4
Other current assets	5	-
Due from related party	20	3,374
Capital assets	-	7,129
Accounts payable and accrued liabilities	(20)	(97)
Current portion of long-term debt	-	(430)
Due to related party	(3,382)	(374)
Long-term debt	-	(3,770)
Net equity	-	5,836
Non-controlling interest	-	(2,918)
Equity attributable to Westleaf	-	2,918

The net change in the non-controlling interest is as follows:

	DWI	DWLP
	$	$
As at December 31, 2017	-	-
Investment in partnership	-	3,000
Net loss	-	(82)
As at June 30, 2018	-	2,918

15. Change in non-cash working capital

The change in non-cash working capital items is as follows:

	June 30, 2018
	$
Accounts receivable	(177)
Other current assets	(107)
Accounts payable and accrued liabilities	805
Total	521

16. Financial instruments and risk management

(a) Fair value of financial instruments

The Company's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, as well as short-term and long-term leases and loans. The carrying values of these financial instruments approximate their fair values as at June 30, 2018.

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

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

There have been no transfers between fair value levels during the period.

The following tables summarize the Company's financial instruments:

June 30, 2018	Amortized cost	Other financial liabilities	Total
	$	$	$
Financial assets			
Cash	8,937	-	8,937
Accounts receivable	184	-	184
Total	9,121	-	9,121
Financial liabilities			
Accounts payable and accrued liabilities	-	904	904
Short-term loans	-	465	465
Current portion of lease liabilities	-	31	31
Current portion of long-term debt	-	430	430
Long-term lease liabilities	-	32	32
Long-term debt	-	3,770	3,770
Total	-	5,632	5,632

16. Financial instruments and risk management (continued)

(a) Fair value of financial instruments (continued)

December 31, 2017	Loans and receivables	Other financial liabilities	Total
	$	$	$
Financial assets			
Cash	445	-	445
Accounts receivable	7	-	7
Total	452	-	452
Financial liabilities			
Accounts payable and accrued liabilities	-	99	99
Short-term loans	-	662	662
Total	-	761	761

(b) Financial instruments risk

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

Credit risk

Credit risk is the risk of a potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company is moderately exposed to credit risk from its cash and accounts receivable. The risk exposure is limited to their carrying amounts at the statement of financial position date. The risk for cash is mitigated by holding these instruments with highly rated Canadian financial institutions.

Accounts receivable consists of goods and services taxes recoverable ("GST") as well as a small amount of related party amounts owed from officers of the Company. Credit risk associated with these balances is minimal due to the nature of the amounts as well as the governmental nature of the GST payor.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages liquidity risk through the management of its capital structure. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due. See Note 18 for further details of resource management.

16. Financial instruments and risk management (continued)

Liquidity risk (continued)

In the absence of any commitments as outlined in Note 17, the Company has the following contractual obligations:

	Total	<1 year	1-5 years
	$	$	$
Accounts payable and accrued liabilities	904	904	-
Short-term loans	465	465	-
Current portion of lease liabilities	31	31	-
Current portion of long-term debt	430	430	-
Long-term lease liabilities	32	-	32
Long-term debt	3,770	-	3,770
Total	5,632	1,830	3,802

Market risk

a) Currency risk

The operating results and financial position of the Company are reported in Canadian dollars. The Company is not currently subject to any international operations nor the currency risk associated with it.

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The cash instruments bear interest at market rates while the Company's short-term loans bear no interest. The directional correlation of the interest income earned and the interest expense owing on the term loan serves to provide a natural mitigation of some of this risk.

c) Price risk

Price risk is the risk of variability in fair value due to movements in equity or market prices. The Company currently holds no instruments that are susceptible to price risk arising from uncertainties about their future values.

17. Commitments and contingencies

Westleaf has no existing commitments or contingencies as at the period end.

18. Capital management

The Company's objectives when managing its capital are to ensure its ability to continue as a going concern while maintaining the needed resources to fund ongoing operations and development to provide returns to its shareholders.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the Company's underlying assets. To maintain or adjust its capital structure, the Company may issue new shares or new debt.

As at June 30, 2018, the Company is not subject to externally imposed capital requirements.

19. Subsequent events

The following events occurred subsequent to the period ended June 30, 2018:

(a) On July 24, 2018, Westleaf closed a non-brokered private placement with one entity of approximately 16 million Units at $0.50 per Unit for gross proceeds of approximately $8 million. Each Unit consisted of one common share.

(b) On July 27, 2018, a wholly-owned subsidiary Westleaf Retail BC Inc. ("WRBC") was incorporated under the British Columbia, Canada, jurisdiction, through which the Company's retail operations in British Columbia will be conducted.

(c) On August 2, 2018, the Company approved a Restricted Stock Unit ("RSU") plan.

(d) On September 7, 2018, the Company executed a credit facility commitment letter with ATB Financial ("ATB") through its wholly-owned subsidiary WCMI. The commitment letter provides for a combination of credit facilities (collectively, the "Facilities" and each, a "Facility") totalling up to approximately $24 million.

Facility #1 provides a revolving operating loan facility in the amount of $250 thousand, by way of prime-based loans and a corporate credit card for use for general operating purposes.

Facility #2 provides a non-revolving development loan facility in the amount of up to $12 million, by way of prime-based loans and guaranteed notes, to be used to finance the development of Phase 1 of the greenfield build of WCMI's cannabis production facility ("Battleford facility"). Facility #2 is available by way of multiple draws once the Company has incurred and paid for 50% of approved budgeted costs of the Battleford facility. Facility #2 is to be repaid using the funds from Facility #4 below once the Battleford facility is substantially complete.

Facility #3 provides for stand-alone credit, by way of Letters of Credit, to be issued to municipalities in Battleford, Saskatchewan, to support development of the Battleford facility.

Facility #4 provides for a non-revolving reducing term loan facility in the amount of up to $12 million, by way of prime-based loans and guaranteed notes, to be used to repay Facility #2 upon Facility #2 maturity. Facility #4 will be available by way of a single draw.

The Facilities are accompanied by a second installment facility (the "Additional Facilities"), whereby WCMI may request further financing up to $11.3 million relating to Phase 2 of the Battleford facility. The Additional Facilities will be dependent on WCMI obtaining a cannabis production license.

APPENDIX D
MANAGEMENT'S DISCUSSION & ANALYSIS OF WESTLEAF CANNABIS INC.

WESTLEAF CANNABIS INC.

Management Discussion and Analysis

For the period August 22, 2017 (date of incorporation) - December 31, 2017
(In Canadian Dollars)

This Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations of Westleaf Cannabis Inc. ("the Company" or "Westleaf") is dated as of October 5, 2018. It should be read in conjunction with the Company's audited consolidated financial statements for the period August 22, 2017, (date of incorporation) through December 31, 2017, inclusive of the accompanying financial statements notes, all of which were prepared in accordance with International Financial Reporting Standards ("IFRS").

This MD&A has been prepared with reference to the National Instrument 51-102 *Continuous Disclosure Obligations* established by the Canadian Securities Administrators ("CSA"). Additional information regarding Westleaf is available on our website at www.westleaf.com.

All amounts presented within this MD&A are in thousands of Canadian dollars, except share and per share amounts, unless otherwise noted.

Forward-Looking Information

This MD&A may contain "forward-looking information" with respect to the Company. This information may take the form of statements found within this document expressing the Company's expectations as to future outcomes and events based on the information currently available. All statements contained herein are given as at the date of this MD&A and the Company undertakes no obligation to update the information for new events or circumstances other than as required by securities laws.

Forward-looking information and statements may be identifiable by the use of words such as "achieve", "anticipate", "budget", "could", "estimate", "expect", "future", "forecast", "intend", "may", "might", "occur", "plan", "potential", "prospective", "should", "will", "would" and other similar expressions.

By nature, forward-looking information and statements are inherently subject to the risk that the actual results can be materially different from the expected outcomes. The Company does not provide any assurance as to the accuracy of this forward-looking information and statements and cautions readers not to place undue reliance on such.

Certain forward-looking statements in this MD&A include, but are not limited to:

- expectations described in the Company's critical accounting judgements, estimates and assumptions;
- the Company's expectations regarding the adoption and impact of certain accounting pronouncements;
- the Company's expectations regarding future development and operation of the Company's cannabis production, processing, and manufacturing facilities;
- the Company's ability to produce products of high quality;
- the Company's expectations for the legalization of cannabis products;
- expected demand for cannabis in the adult use recreational market;
- the Company's expectations regarding future development and operation of the Company's retail locations;
- the expectation for certain Canadian provinces and municipalities to allow the private retail of cannabis products;
- the Company's expectations regarding licensing related to the cultivation, production and sale of cannabis products by the Company, its subsidiaries and its partnerships;
- the ability to operate as a vertically integrated entity;
- the development of brands and brand equity;
- the Company's expectations of product sales;
- future corporate development;
- expectations regarding future expenditures, including but not limited to both operational and capital expenditures;
- the Company's expectation for the use of proceeds received from fund raising activities;
- the Company's ability to achieve profitability without the need for further fund raising activities;
- the Company's ability to access debt financing contingent on future events;

Company Overview

Westleaf Cannabis Inc. was incorporated on August 22, 2017, pursuant to the Alberta Business Corporations Act ("ABCA") under the name "Westleaf Capital Corp." On January 16, 2018, pursuant to a Certificate of Amendment, Westleaf Capital Corp. changed its name to Westleaf Cannabis Inc. ("Westleaf" or "the Company"). Westleaf is a vertically integrated cannabis company with two cannabis production facilities under development in Battleford, Saskatchewan (the "Battleford Facility"), and Calgary, Alberta ("the Delta West Facility"). Once both of Westleaf's planned facilities are fully operational, Westleaf will have up to approximately 175,000 of square feet devoted to cannabis production, processing and manufacturing. Westleaf intends to develop and manufacture a range of cannabis products for sale. Westleaf's prospective retail stores are planned for British Columbia, Alberta, Saskatchewan and Manitoba (subject to receipt of retail licenses in respect of the same) and intends to apply for licenses in Ontario upon release of a formal regulatory framework.

The table below lists the Company's subsidiaries and the ownership interests in each as at the date of this MD&A.

Subsidiary	Percentage of ownership	Accounting method
Westleaf Cultivation Management I Inc. ("WCMI")	100%	Consolidation
Westleaf Cultivation Management II Inc. ("WCMII")	100%	Consolidation
Westleaf Retail Inc. ("WRI")	100%	Consolidation
Westleaf Retail BC Inc. ("WRBC")	100%	Consolidation
Delta West Inc. ("DWI")	50%	Consolidation
Delta West Limited Partnership ("DWLP")	50%	Consolidation

Retail Brands – Prairie Records

With the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, and Newfoundland & Labrador permitting the sale of recreational cannabis products through private retail operators, the Company has invested in the development of a high-quality retail store concept named "Prairie Records". To date, the Company has applied for licenses for Prairie Records stores in British Columbia, Alberta, Saskatchewan and Manitoba (applied for Manitoba's Phase II request for proposal for retail). Furthermore, Ontario has announced it intends to permit private retail and has indicated that it will release a formal regulatory framework prior to April 2019. Westleaf is closely following developments in Ontario and is evaluating potential retail locations throughout the province. Westleaf intends to continue to pursue additional retail store licenses, where appropriate, in the aforementioned provinces.

Domestic Cannabis Production

Westleaf has submitted its application to become a Licensed Producer under the Access for Cannabis to Medical Purposes Regulations ("ACMPR") for the Battleford Facility. If granted, this license would grant Westleaf the ability to cultivate and sell dried cannabis flower from its Battleford Facility. Westleaf's application is currently under review by Health Canada. Once fully operational, the facility will be approximately 115,000 square feet and will provide significant job creation for the Thunderchild First Nations community and will spur long-term economic development in Battleford, Saskatchewan.

Westleaf has submitted its application for a license to produce and sell cannabis oils at its Delta West facility. Westleaf's application is currently under review by Health Canada. Westleaf intends for the facility to be a world-class extraction, research and development, processing and fulfillment centre which will produce a diversified derivative product offering to supply the Canadian and global markets.

On June 21, 2018, Bill C-45 (the "Cannabis Act"), received Royal Assent, passing through the final stage of the federal legislative process and into law. The Bill, which comes into force October 17, 2018, creates a legal market for recreational cannabis and significantly expands the number of individuals able to legally purchase cannabis and cannabis products within Canada. Until Bill C-45 comes into force, the sale of cannabis outside of the authorization of the Controlled Drugs and Substances Act ("CDSA") and its regulations, such as the ACMPR, will continue to be illegal. Westleaf's application are currently under review by Health Canada (see "*Company Overview – Domestic Cannabis Production"* for more details). Westleaf has received retail licenses or permits to apply for licenses to operate private retail and intends to apply for additional licenses in British Columbia, Alberta, Manitoba, and Ontario (subject to release of a formal regulatory framework prior to April 2019), as well as evaluate opportunities to acquire licenses in the province of Saskatchewan (see "*Company Overview – Retail Brands – Prairie Records"* for more details).

Company Strategy

Westleaf is a vertically integrated cannabis company, with its primary focuses being retail distribution in privatized markets across Canada and the development of product brands with diverse product offerings. The Company has numerous product brands under development and intends to direct additional capital towards marketing, promotional initiatives, and research and development to expand product offerings. Additionally, the Company is developing two large-scale facilities for the production, processing, and extraction of cannabis to ensure Westleaf brands are accompanied by the highest quality cannabis or cannabis extract. Through its retail distribution channels, Westleaf can ensure these brands reach consumers and begin to build brand equity in the Canadian recreational cannabis market.

Vertical Integration

Westleaf intends to develop a vertically integrated business model with assets throughout the cannabis value chain and anticipates benefits including but not limited to:

- Distribution for Westleaf brands;
- Control over the consumer experience from seed to sale;
- Margin protection against a potentially oversupplied market;
- Maximization of profit margin by capturing all segments of the value-chain;
- Consumer insights through retail ownership and the ability to alter production accordingly; and
- Allowing for proper capital allocation and management across all segments.

Retail Locations

To date, Westleaf has received licenses or permits to apply for licenses to operate private retail and online sites in the provinces that have announced private retail operations – Alberta and Saskatchewan (Alberta does not allow for private online sites for the sale of cannabis). The Company is pursuing, or is in the process of, applying for additional retail licenses in select communities in Alberta, British Columbia, and Manitoba. The Company intends to pursue private retail licenses in the province of Ontario upon the release of a formal regulatory framework applicable to privatised cannabis retail. Westleaf is closely following developments in Ontario and is evaluating potential retail locations throughout the province.

Mergers & Acquisitions

The Company's management team has a proven track record of successful partnership and acquisitions from their backgrounds in private equity and investment banking. Given the early-stage nature of the Canadian cannabis industry, Westleaf intends to regularly evaluate acquisition opportunities while adhering to a disciplined value-oriented investment approach.

Performance Highlights

The Company is not yet in its operational stage but substantial activity surrounding financing and capital acquisitions occurred of which the significant items included:

	Date	Amount cash inflow (outflow)
		$
Non-brokered private placement common shares	April 16, 2018	12.5 million
Alberta Treasury Branch term loan	April 19, 2018	7.5 million
Capital injection to Limited Partnership for Delta West production facility	April 19, 2018	3.0 million
Property acquisition for retrofit of Delta West production facility	May 1, 2018	(6.9) million
Non-brokered private placement common shares	July 24, 2018	8.0 million
Alberta Treasury Branch term loan	September 7, 2018	24.0 million

The April 19, 2018, term loan contains a $3.2 million amount that is available upon obtainment of the facility production license.

The September 7, 2018, term loan contains a $11.3 million amount that is subject to additional approvals by the Alberta Treasury Branch and is to be used for Phase II of that facility project.

Subsequent Events

The following significant items occurred subsequent to the report date for the financial statements for the period ended December 31, 2017.

(a) On March 6, 2018, a wholly-owned subsidiary Westleaf Retail Inc. ("WRI") was incorporated under the Alberta, Canada, jurisdiction, through which the Company's retail operations will be conducted.

(b) On March 29, 2018, a shared control entity Delta West Inc. ("DWI") was incorporated under the Alberta, Canada, jurisdiction, through which the general partner oversight of a limited partnership (see (d)) will be handled. This involves a project with a TSXV listed company, Delta 9 Cannabis Inc. ("Delta 9), to facilitate the joint development of a production and extraction facility in Calgary, Alberta, Canada ("the Delta West Facility"). Each of Westleaf and Delta 9 holds a 50% interest in DWI.

(c) On April 12, 2018, a wholly-owned subsidiary Westleaf Cultivation Management II Inc. ("WCMII") was incorporated under the Alberta, Canada, jurisdiction, through which management services will be provided to the Delta West Facility in Calgary, Alberta, Canada.

(d) On April 18, 2018, an Alberta, Canada, Limited Partnership, Delta West LP ("DWLP") was formed to facilitate the joint development of the Delta West Facility in Calgary, Alberta, Canada. Each of Westleaf and Delta 9 holds a 50% interest in DWLP.

(e) On April 16, 2018, Westleaf closed a non-brokered private placement of approximately 25 million Units at $0.50 per Unit for gross proceeds of approximately $12.5 million. Each Unit consisted of one common share and one liquidity warrant. The warrants provide for a 1/10th common share exercisable only in the absence of a liquidity transaction prior to the date of March 13, 2019. The placement resulted in approximately 45% ownership of total outstanding shares. The Company intends to use the net proceeds from the offering to fund its cannabis production facilities as well as retail distribution to be located in Alberta, Saskatchewan and British Columbia (and exploring additional opportunities in Manitoba).

Concurrent with the private placement, a share exchange transaction was done to exchange the 200,000 Class A common shares to 30 million common shares.

As part of agent compensation, 162,840 warrants were issued providing for the conversion to common shares of the Company at $0.75 per share. The exercise expiration date is March 29, 2020.

(f) On April 19, 2018, Westleaf entered into a Limited Liability Partnership Agreement with Delta 9 to jointly develop and operate the Delta West Facility. DWI will act as the general partner (see (b) above) and WCMII will act as manager of the general partner (see (c) above). Each partner owns a 50% interest in the project and each has contributed $3 million to the limited partnership. These funds together with debt financing will be used for initial development of the project. This venture is for the joint development of the Delta West Facility, a large-scale 60,000 square feet building that will house extraction operations as Phase I of the project. The facility will include production, research and development, processing, extraction and fulfilment centre supply.

(g) On April 19, 2018, DWI and DWLP entered in to a two-year term loan facility arrangement with Alberta Treasury Branch ("ATB"). The loan is based on a ten-year amortization time period with the first renewal occurring at the end of the initial two-year term. The loan facility provides for an initial financing in the amount of a non-revolving $4.3 million committed term facility for which the funds are available by way of one draw and which are to be used towards the purchase of a property to be used for the Delta West Facility.

This initial facility for the full amount of $4.3 million was drawn on May 1, 2018, with interest at a prime plus 3% annual rate. The facility contains a restricted cash component ("pledged cash") which holds a portion of the facility draw in trust to be applied against the quarterly payment requirements. At the time of the draw, an amount of $1.17 million was pledged. Payments of blended principal and interest are due each of the next eight quarters commencing June 30, 2018. The loan is secured by a first fixed charge on the facility property and land, as well as a first position on a site specific general security agreement. The initial term has a maturity date of May 1, 2020 and the loan may be paid in whole or in part at any time without penalty. A non-refundable commitment fee of $17 thousand was paid by the borrowers upon drawdown of the facility.

The loan is subject to a fixed charge coverage ratio financial covenant effective for the quarter ending June 30, 2019.

The loan facility also provides for an additional borrowing amount up to $3.2 million to be used towards Phase II of the Delta West Facility upon obtainment of the production license.

(h) On May 1, 2018, Westleaf completed the purchase of an existing building and land in Calgary, Alberta, Canada, for a brownfield retrofit for the Delta West Facility discussed in (f) above. Total purchase price was $6.9 million plus an additional $37 thousand in closing costs.

(i) On July 24, 2018, Westleaf completed a non-brokered private placement with one entity of approximately 16 million Units at $0.50 per Unit for gross proceeds of approximately $8 million.

(j) On July 27, 2018, a wholly-owned subsidiary Westleaf Retail BC Inc. ("WRBC") was incorporated under the British Columbia, Canada, jurisdiction, through which the Company's retail operations in British Columbia will be conducted.

(k) On August 2, 2018, the Company approved a Restricted Stock Unit ("RSU") plan.

(l) On September 7, 2018, the Company executed a credit facility commitment letter with ATB Financial ("ATB") through its wholly-owned subsidiary WCMI. The commitment letter provides for a combination of credit facilities (collectively, the "Facilities" and each, a "Facility") totalling up to approximately $24 million.

Facility #1 provides a revolving operating loan facility in the amount of $250 thousand, by way of prime-based loans and a corporate credit card for use for general operating purposes.

Facility #2 provides a non-revolving development loan facility in the amount of up to $12 million, by way of prime-based loans and guaranteed notes, to be used to finance the development of Phase 1 of the greenfield build of WCMI's cannabis production facility ("Battleford facility"). Facility #2 is available by way of multiple draws once the Company has incurred and paid for 50% of approved budgeted costs of the Battleford facility. Facility #2 is to be repaid using the funds from Facility #4 below once the Battleford facility is substantially complete.

Facility #3 provides for stand-alone credit, by way of Letters of Credit, to be issued to municipalities in Battleford, Saskatchewan, to support development of the Battleford facility.

Facility #4 provides for a non-revolving reducing term loan facility in the amount of up to $12 million, by way of prime-based loans and guaranteed notes, to be used to repay Facility #2 upon Facility #2 maturity. Facility #4 will be available by way of a single draw.

The Facilities are accompanied by a second installment facility (the "Additional Facilities"), whereby WCMI may request further financing up to $11.3 million relating to Phase 2 of the Battleford facility. The Additional Facilities will be dependent on WCMI obtaining a cannabis production license.

Overall Performance

The Company recorded a net loss of $216 which was comprised solely of general and administrative expenses as follows:

General and administration expenses	Period ended December 31, 2017
	$
Consulting fees	90
Professional fees	74
Travel and accomodation	43
Office and general	9
Total expenses	216

As discussed further within the "*Related Parties"* section, Management did not receive, nor obligate the Company to pay, any compensation for the period ended December 31, 2017.

There was a net cash inflow for the period ended December 31, 2017, as follows:

Cash flows	Period ended December 31, 2017
	$
Operating activities	
Net loss	(216)
Changes in non-cash working capital	(11)
Total operating activities	(227)
Financing acitivities	
Proceeds of short-term loans	662
Shares issued for cash	10
Total financing activities	672
Net cash flow change	445

Cash was comprised of shareholders injections as well as a deposit amount received from a potential investor in anticipation of a private placement transaction. This investment deposit was repayable by way of a demand loan. Further details are noted in the "*Subsequent Events* and *Liquidity and Capital Resources"* sections of this MD&A.

Recently Issued Accounting Pronouncements

A description of recently issued accounting pronouncements which have the potential to affect our financial position and results of operations is disclosed under the section "*New Accounting Pronouncements"* in this MD&A.

Industry Trends and Risks

The Company's financial position and results of operations are subject to a number of risks and uncertainties. The Company's principal risks are described below.

Ability to Obtain Licenses

Westleaf's ability to grow, ship, possess and obtain cannabis is dependent on its receipt of the appropriate licenses and its ability to remain in good standing as a Licensed Producer after the receipt of the licenses. Currently, the Company has applied to Health Canada for two ACMPR licenses which the Company expects will transition to applications under the Cannabis Act based on guidance from Health Canada. Even if the Company is successful in receiving these licenses, and other licenses which it may apply for in the future, there is no guarantee that Health Canada will extend or renew any or all of the licenses. Any failure to obtain licenses or future loss of such licenses could materially adversely affect the Company and its ability to operate.

Adult Use of Recreational Cannabis Not Yet Legal

Westleaf's business plan involves the sale of recreational cannabis to adults. Currently, recreational use and sale of cannabis is not legal in Canada, however the Cannabis Act, which provides for the legalization of the sale of cannabis

to and consumption of cannabis by adults, has passed through the Canadian Parliament and received Royal Assent. The Cannabis Act comes into force on October 17, 2018, and Westleaf believes this will create a market for its products. If the Cannabis Act does not come into force in its current form on the proposed date this could have a materially adverse effect on Westleaf.

Regulatory Environment

Westleaf intends to operate in a highly regulated industry with a significant amount of regulatory uncertainty. The laws and regulations which govern Westleaf's future operations are still developing and may develop in ways which Westleaf may not foresee. Additionally, provinces and municipalities have been granted much of the regulatory power over the sale of cannabis by the Cannabis Act which has created and continues to create a legal framework which varies across the jurisdictions which Westleaf intends to operate in. There is no assurance that provincial governments will enact regulations to create the legal market and associated opportunities which Westleaf currently anticipates.

If the Company fails to comply with applicable laws, regulations and permitting requirements it may be subject to enforcement actions, including orders issued by regulatory or judicial authorities causing operations to be cease or be curtailed. These orders may include corrective measures requiring installation of additional equipment or remedial actions which could cause the Company to incur additional capital expenditures or other expenses. The Company may be required to compensate those suffering loss or damage as a result of the Company's actions or future operations and may suffer civil or criminal fines or penalties imposed if its actions or future operations violate applicable laws or regulations.

In addition to regulation regarding the production and sale of cannabis, Westleaf is also subject to health, safety and environmental regulations with which it is required to comply. See the section below titled "*Environmental Regulations and Risks*" for more information on Environmental Regulations.

Environmental Regulations and Risks

The Company's future operations are subject to the environmental regulations of the jurisdictions in which they operate. These regulations mandate the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of waste, both solid and hazardous. Environmental regulations are evolving, generally becoming more stringent and requiring a greater level of responsibility from companies and their officers, directors and employees. Future regulations or changes to regulations may have material adverse effects on the Company and its future operations. The development of certain operations of the business rely upon the receipt of permits or government approvals. To the extent such approvals are required and not obtained, the Company may not be able to develop certain operations as they are currently proposed. If the Company fails to comply with applicable laws, regulations and permitting requirements it may result in enforcement actions against the Company, including orders issued by regulatory or judicial authorities causing operations to be cease or be curtailed. These orders may include corrective measures requiring installation of additional equipment or remedial actions which could cause the Company to incur additional capital expenditures or other expenses.

Amendments to current laws, regulations, and permits governing the production and sale of cannabis, or more stringent implementation thereof, could have a material adverse affect on the Company by way of increased expenses, capital expenditures or production costs or a reduction in levels of production or revenue or the requirement of abandoning or delaying development.

Key Personnel

Westleaf is highly dependent on the ability, expertise, judgement, discretion and good faith of our senior management team as well as other senior employees within the company. The Company's future success depends on its ability to

retain these key personnel as well as to attract, develop and retain highly qualified and skilled employees. There is significant demand for qualified individuals and as a result the Company may incur significant costs to attract and retain them.

As part of the Company's ACMPR application, each Key Person at the Company must receive security clearance from Health Canada. There is no guarantee that existing personnel will receive security clearance. Under Health Canada regulations, a security clearance remains in effect for a maximum of five years and must be renewed before expiration. There is no guarantee that existing personnel will receive security clearance upon the required renewal in this period. Failure by a Key Person to gain or maintain the required security clearance could result in a material adverse effect on the Company.

Reliance on a Small Number of Facilities

The Company has focused primarily on two main projects outside of retail development. Westleaf intends to continue its focus on developing these projects for the foreseeable future. Adverse changes affecting the development of these projects could have a material and adverse effect on the Company's ability to begin producing cannabis and/or derivative cannabis products.

Reliance on Third Party Suppliers, Manufacturers and Contractors

In addition to its own proposed vertically integrated structure, the Company intends to use third party suppliers, manufacturers and contractors in the provision of products and services. Should one or more of these third parties choose to discontinue a business relationship or withdraw its services from the Company due to regulatory reasons or otherwise, the Company and its future operations may suffer adverse effects.

Risks Inherent in Agricultural Business

The Company intends for a portion of its operations to consist of the cultivation of cannabis, an agricultural product. This future operation will be subject to the inherent risks of agricultural business, including insects, plant disease and similar agricultural risks. While the Company intends to complete its cultivation indoors under climate-controlled conditions and additional provisions intended to reduce these risks, there can be no assurance that natural elements will not have a material adverse effect on any such future production.

Risks of Future Retail Store Operations

Westleaf's future retail operations depend on Westleaf's ability to secure attractive real estate in areas with zoning that is compliant with governmental regulations and bylaws at what it believes to be economic terms. The company faces competition for retail locations from other companies in the industry as well as other retail businesses attempting to secure retail locations. There can be no guarantee that Westleaf will attain more retail locations or licenses nor that the locations which it does attain will continue to be attractive or economic. Westleaf may lease or purchase buildings or spaces to serve as retail locations and these leases and purchases may cause Westleaf to incur future liabilities. There is no assurance that retail leases obtained will be able to be renewed at economic terms. There is no assurance that future retail locations will produce the same results as retail locations which the Company is no longer able or willing to lease or own.

Product Liability

There is inherent risk of exposure to product liability claims in its future operations as a distributor and producer of products designed to be ingested by humans. Regulatory actions or litigation may result if its products are alleged to have caused loss or injury. In addition, the future sale of Westleaf's products may 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 substances or

medications could occur. The Company may be subject to various product liability claims, including but not limited to, that the Company's products caused illness or injury, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Company could result in increased costs, adverse affects on its reputation with its clients and consumers generally, and could have a material adverse effect on the results of operations and financial condition of the Company. There can be no guarantee that the Company will be able to maintain product liability insurance with adequate coverage against potential liabilities on reasonable terms. There can be no assurance of availability of this insurance in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage at commercial terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of some or all of the Company's potential products.

Product Recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of the products they produce or sell 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. Should any of the Company's products be subject to a recall due to an alleged product defect or for any other reason, the Company could be forced to incur the expense of the recall and any legal proceedings that may arise in connection with the recall. The Company may be unable to sell a significant amount of its inventory or lose a significant amount of sales and may not be able to replace those sales at an acceptable margin, or at all. A product recall may require significant management attention in addition to the financial costs. Although the Company has detailed procedures in place for testing its products, there can be no guarantee that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the Company's brands were subject to a recall, the customer perception of that brand and the Company as a whole could be harmed. A recall for any reason could lead to decreased demand for the Company's products and could have a material adverse effect on the results of operations and financial condition of the Company. Additionally, product recalls may lead to increased scrutiny of the Company's operations by regulatory agencies including Health Canada and require further management attention, increased legal fees and other expenses.

Risks Inherent in the Acquisition of Companies, Assets and Brands

Westleaf may from time to time elect to pursue strategic acquisitions to acquire technologies, brands, businesses, assets or intellectual property which it believes are complementary to its business and/or enter into strategic partnerships in order to leverage its position in the cannabis industry. While Westleaf intends to conduct substantial due diligence in connection with such acquisitions, there are risks inherent in any acquisition. Specifically, there could be unknown or undisclosed risks or liabilities associated with such companies which Westleaf is not sufficiently indemnified. Any such unknown or undisclosed risks or liabilities could materially and adversely affect Westleafs's financial performance and results of operations.

Future acquisitions may expose the Company to potential risks, including risks associated with: (i) the integration of new operations, personnel and services; (ii) unforeseen or hidden liabilities; (iii) potential inability to generate sufficient revenue to offset new costs; (iv) the diversion of resources from the Company's existing business and technologies; (v) the expenses of acquisitions; or (vi) the potential loss of or harm to relationships with both employees and existing users resulting from its integration of new security which could misappropriate proprietary information or cause interruptions in its operations. Westleaf may be required to increase its capital expenditures and other resources to protect against such security breaches or to alleviate problems caused by such breaches.

Difficulty to Forecast

Westleaf must rely mainly on its own market research to forecast sales and expenses as detailed forecasts are generally not available from reputable sources at this early stage of the cannabis industry in Canada. If demand does not materialize for its products as a result of competition, technological change, regulatory change or other factors this could have an adverse material effect on the Company.

Intellectual Property Risks

Westleaf may have certain proprietary intellectual property, including but not limited to trademarks, trade names, brands, patents and proprietary processes. Westleaf will rely on this intellectual property as well as the know-how of its employees and other proprietary information, and require certain employees, consultants, suppliers and counterparties to sign confidentiality agreements. In the event of a breach of these confidentiality agreements the Company may not have adequate remedies for such breaches. Outside parties may develop substantially equivalent proprietary information independently without infringing upon any proprietary technology or information. Additionally, outside parties may otherwise gain access to the Company's proprietary information and make use of it in a competitive manner. Any loss of intellectual property, through the avenues listed above or otherwise, may affect the Company in a materially adverse manner.

Marketing Constraints

The Company's intended retail operations and future operating results may be hindered by the applicable regulations which restrict the sales and marketing activities of the Company and the cannabis industry. These regulations may limit the Company's ability to compete for market share if it is unable to effectively market its products. If the Company is unable to effectively market its products its intended retail operations and future operating results may be affected adversely.

Internal Controls

Effective internal controls are a necessity for Westleaf to be able to provide reliable and accurate financial reports and to help safeguard against fraud. Although Westleaf will undertake a number of procedures and will implement a number of preventative measures, in each case, in order to help ensure the reliability of its financial reports, Westleaf can not be sure that such measures will ensure Westleaf will maintain adequate control over financial reporting and processes. Failure to implement newly required or improved controls, or difficulties or delays encountered in their implementation, could harm the Company's financial position or operating results or cause it to fail to meet its reporting obligations. If Westleaf or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce investor confidence in Westleaf's consolidated financial statements and materially adversely affect the perceived value of Westleaf or its ability to access capital markets.

Contingencies

In the normal course of business, Westleaf may become involved in legal disputes due to various litigation matters. Should any litigation arise in which the Company is involved be determined against the Company, the Company could be adversely affected. Even if the Company is involved in a legal dispute in which the Company wins, the Company may still be adversely affected by the significant redirection of resources required by the litigation. Litigation may also adversely affect brand perception. The Company is not aware of any legal disputes in which it is named, nor does it have any financial contingencies for litigation at this time.

Insurance and Uninsured Risks

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

Westleaf maintains and intends to maintain insurance to protect against certain risks in such amounts which it considers to be reasonable and at an economically feasible cost. Although it intends to maintain this insurance, it will not cover all potential risks associated with its actions and future operations. Insurance may not be available in the future or may not adequately cover any resulting liability. Insurance is not generally available against certain risks, including environmental pollution and other hazards which may be encountered by Westleaf from time to time.

The Company may become subject to liability for hazards which it is not insured against or which the Company may have elected not to insure against due to premium costs or other reasons. Losses related to these hazards may affect Westleaf in a material and adverse manner.

Limited Operating History

Westleaf was founded in August of 2017 and has yet to generate sufficient revenue to offset its expenses. Westleaf is therefore subject to many of the risks common to early-stage companies, including undercapitalization, cash shortages, lack of revenues and limited resources, including personnel and financial. There is no guarantee that the company will achieve a return on shareholders investment and the likelihood of success must be considered given the early-stage nature of the development of operations.

History of Losses

The Company has incurred losses in recent periods. The Company may not be able to attain profitability and may continue to incur significant losses in the future. The Company plans to increase expenses materially in the future to implement its business plan. If the Company does not achieve high enough revenues to offset this higher cost base it will not be profitable.

Additional Financing - Risk Factors Related to Dilution

The Company may issue additional common shares in the future. Future issuances or sales of equity securities could dilute shareholders' ownership and voting power. The issuance of equity securities could also reduce Westleaf's earnings per share and value of Westleaf's common shares. The Company is permitted by its articles to issue an unlimited number of common shares subject to Board approval and, in the event of any such issuance, shareholders will have no pre-emptive rights associated with the issuance.

Interest Rate Risk

Westleaf has entered into credit agreements to fund certain projects. The credit agreements specify a rate at which Westleaf must pay interest to the counterparty on funded amounts. This interest rate is variable and as a result may rise or fall in accordance with the specified market rate. Westleaf currently does not hedge this interest rate and may have more difficulty meeting its interest obligations if this interest rate were to increase.

Westleaf is required under the terms of certain credit agreements, to hedge its interest rate exposure for portions of future credit facility draw amounts.

Selected Annual Information

	Period ended December 31, 2017
Total revenue	-
Net loss and comprehensive loss	(216)
Net loss and comprehensive loss per share - basic and diluted	(1.08)
Total assets	555
Total non-current financial liabilities	-
Cash dividends per share	-

Operations

The Company is not yet operational and, as such, had only general and administration expenses for the reporting year which have been detailed above.

Summary of Quarterly Results

This table sets out certain financial information for each of the Company's prior quarterly reporting periods. The third quarter ended September 30, 2017, is comprised of the thirty-nine days following the Company start-up.

	Revenue	Net loss	Loss per share basic/diluted
	$	$	$
39 days ended September 30, 2017	-	(1)	(0.01) / (0.01)
Quarter 4 ended December 31, 2017	-	(215)	(1.07) / (1.07)
Quarter 1 ended March 31, 2018	-	(310)	(0.02) / (0.02)
Quarter 2 ended June 30, 2018	-	(1,063)	(0.02) / (0.02)

The majority of the change in the net loss quarter over quarter is attributable to increases in general and administration costs. The significant increase seen in the quarter ended June 30, 2018, is primarily the result of salary and benefits compensation that commenced for Management in June 2018 but which was retroactive to February 1, 2018, the hiring of additional personnel as well as occupancy costs incurred for the head office sublease which commenced April 2018.

Fourth Quarter Review

With the commencement of the Company on August 22, 2017, the net loss for the period ended December 31, 2017, was incurred in the fourth quarter with the exception of $1 of general and administrative expenses for the interim period ended September 30, 2017.

The entire net loss for the fourth quarter was comprised of general and administrative expense and has been detailed within the "*Overall Performance"* section.

Liquidity and Capital Resources

For the period ended December 31, 2017, the Company had limited liquidity due to the start-up nature of the business. As at December 31, 2017, the Company's working capital was as follows:

	As at December 31, 2017
	$
Cash	445
Accounts receivable and other current assets	110
Accounts payable and accrued liabilities	(99)
Total working capital	456

In addition to the working capital requirements, Westleaf had the following short-term loan obligations:

	As at December 31, 2017
	$
Unsecured demand loan (a)	522
Unsecured demand loan from related parties (b)	140
Total	662

(a) The Company had received a non-interest bearing cash deposit in the amount of $525 from an arm's length party with whom a private placement investment transaction occurred subsequent to the period end on July 24, 2018, as well as repayment of the demand loan amount owed to the investor.

(b) The Company's founding shareholders provided a working capital injection to the Company as a non-interest bearing short-term loan. The amount was repaid in full to such shareholders subsequent to the period end and is discussed within the *"Related Parties"* section in this document.

Subsequent to the period end, significant capital financing was secured in the form of debt and equity instruments which provided the necessary funds to proceed with the operations projects discussed within this MD&A and detailed within the *"Subsequent Events"* section.

On April 19, 2018, Westleaf closed a non-brokered private placement of approximately 25 million Units at $0.50 per Unit for gross proceeds of approximately $12.5 million.

On April 19, 2018, DWI and DWLP entered in to a two-year term loan facility arrangement with ATB. The loan facility provides for an initial financing in the amount of $4.3 million as well as an additional $3.2 million upon obtainment of the production license.

On July 24, 2018, the Company closed a non-brokered private placement with one entity of approximately 16 million Units at $0.50 per Unit for gross proceeds of approximately $8 million.

On September 7, 2018, the Company executed a credit facility commitment letter with ATB which provides for a combined financing of approximately $24 million.

The total funds secured through these above discussed transactions amounted to approximately $52 million of which an amount of $6.9 million was utilized for Westleaf's portion of the Delta West Facility property purchase price.

Further details on these capital financing transactions can be found within the *"Subsequent Events"* section of this MD&A.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages liquidity risk through the management of its capital structure.

Westleaf has primarily financed its activities through the issuance of common equity to date. Additionally, the Company has secured funding for certain projects in the form of senior secured debt with a Canadian financial institution. The Company manages its liquidity risk through the preparation and use of cash flow forecasts and budgets to ensure it has sufficient funds to meet obligations as they become due. Westleaf manages its working capital as part of this process, and in doing so may limit its funding needs by pursuing additional financing sources, managing the timing of capital expenditures and other measures. Westleaf's future business activities may require additional capital to develop and operate which Westleaf may not be able to secure.

The Company has the following contractual obligations as at December 31, 2017:

	Total	<1 year	>1 year
	$	$	$
Accounts payable and accrued liabilities	99	99	-
Short-term loans	662	662	-
Total	761	761	-

Capital

At December 31, 2017, there were 200,000 issued and fully paid Class A common voting shares. These shares were issued August 22, 2017.

At December 31, 2017, there were no commitments associated with the capital activity discussed within this MD&A.

Off-Balance Sheet Arrangements

The Company has no such arrangements at the period ended in the referenced financial statements nor as at the date of this MD&A.

Related Parties

All transactions with related parties are recorded at their fair value amounts in the financial statements to which this MD&A discusses.

Goods and services

The Company incurred the following transactions with related parties during the period ended December 31, 2017:

	Period ended December 31, 2017
	$
Consulting fees paid to a company owned by an officer of the Company	15
Total	15

Compensation of key management personnel

The Company's key management personnel have the authority and responsibility for planning, directing and controlling the activities of the Company and consists of the Company's executive management team and management directors.

Due to the start-up nature of this reporting period, there were no compensation or fees paid to management personnel other than disclosed above in Goods and Services.

Related party balances

The following related party amounts were included in short-term loans:

	As at December 31, 2017
	$
Officers and shareholders of the Company	140
Total	140

The loans balances were comprised of a working capital injection provided by the Company's shareholders in the form of non-interest bearing short-term loans. The amounts were repaid in full to the shareholders subsequent to the December 31, 2017, period end.

Critical Accounting Estimates

The preparation of the Company's consolidated financial statements in accordance with IFRS requires management to make judgements, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, and revenues and expenses. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements, estimates and assumptions that have the most significant effect on the amounts recognized in the financial statements are described below.

Fair value of financial instruments

All financial instruments are required to be recognized at fair value on initial recognition. Subsequent measurement is at amortized cost or fair value depending on the classifications of the financial instruments.

Fair value is determined by reference to quoted prices where available and in the absence thereof, internal or external valuation models. These models require assumptions and estimates that may vary significantly from actual results. The judgemental components could include; (a) the values attributed to each component of a transaction at the time of their issuance; (b) the fair value measurements for certain instruments that require subsequent measurement at fair value on a recurring basis; and (c) for disclosing the fair value of financial instruments subsequently carried at amortized cost.

Leases

The application of IFRS 16 requires the Company to make judgments that affect the valuation of the right-of-use asset and corresponding lease liability. These include but are not limited to; the determination of the applicable contracts and terms, the discount interest rate, the intent for future options to extend or purchase, the economic useful life of non-current assets as well as the separation of non-lease components.

Deferred tax assets

Deferred tax assets, including those arising from tax loss carry-forwards, require management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

New Accounting Pronouncements

The following IFRS standards were effective for years beginning on or after January 1, 2018 and were adopted subsequent to the annual financial statements considered in this MD&A as at January 1, 2018.

IFRS 9 Financial instruments

In July 2014, the IASB issued the final version of *IFRS 9 Financial instruments* which replaces *IAS 39 Financial instruments: recognition and measurement* and all previous versions of IFRS 9. The standard introduces new requirements for classification, measurement, derecognition of financial instruments, hedge accounting and introduces a new impairment model for financial assets. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. Financial liabilities remain as classified as other financial liabilities with measurement at amortized cost or classified as fair value through profit or loss with measurement at fair value. IFRS 9 eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale. Under IFRS 9, on

initial recognition, a financial asset is classified as measured at amortized cost or else at fair value with changes recognized in other comprehensive income or at fair value with changes recognized in profit and loss.

The adoption of IFRS 9 did not have a material impact on the Company's consolidated financial statements.

The following tables summarizes the changes in the classification and measurement for the Company's financial assets and financial liabilities following the adoption. There are no changes to the measurement of these financial instruments anticipated.

	Classification	
	IAS 39	IFRS 9
Financial assets		
Cash	Loans and receivables	Amortized cost
Accounts receivable	Loans and receivables	Amortized cost
Financial liabilities		
Accounts payable and accrued liabilities	Other financial liabilities	Other financial liabilities
Short-term loans	Other financial liabilities	Other financial liabilities
Current portion of lease liabilities	Other financial liabilities	Other financial liabilities
Current portion of long-term debt	Other financial liabilities	Other financial liabilities
Long-term lease liabilities	Other financial liabilities	Other financial liabilities
Long-term debt	Other financial liabilities	Other financial liabilities

IFRS 7 Financial instruments: disclosure

IFRS 7 Financial instruments: disclosure, was amended to require additional disclosures on transition from IAS 39 to IFRS 9. IFRS 7 is effective on adoption of IFRS 9, which is effective for annual periods commencing on or after January 1, 2018.

The Company adopted IFRS 7 as at January 1, 2018. The adoption of this amendment did not have a material impact on the Company's consolidated financial statements.

IFRS 2 Share-based payment

In June 2016, the IASB issued amendments to *IFRS 2 Share-based payment* clarifying how to account for certain types of shared-based payment transactions. The amendments provide requirements on the accounting for:

- the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- share-based payment transactions with a net settlement feature for withholding tax obligations;
- a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The amendments are effective for annual periods beginning on or after January 1, 2018. The adoption of this amendment did not have a material impact on the Company's consolidated financial statements.

Other MD&A Disclosures

Outstanding Shares and Warrants

Authorized at December 31, 2017:

Unlimited number of Class A common voting shares
Unlimited number of Class B common voting shares
Unlimited number of Class C common non-voting shares
Unlimited number of preferred shares

Authorized at October 5, 2018:

Unlimited number of common shares
Unlimited number of preferred shares

Concurrent with the private placement which closed in April 2018, the Class A common shares were redesignated as common shares and the Class B and Class C shares were cancelled.

	Number of shares	Share capital	Number of warrants	Warrants
		$		$
Balance, December 31, 2017	200	10	-	-
Share exchange - cancellation class A common	(200)	-	-	-
Share exchange - common shares	30,000	-	-	-
Share issuance - tranche 1 & 2 private placement	19,463	9,732	-	-
Balance, March 31, 2018	49,463	9,742	-	-
Share issuance - tranche 3 private placement	5,500	2,750	-	-
Warrants issued	-	(13)	25,126	13
Share issuance costs	-	(317)	-	-
Balance, June 30, 2018	54,963	12,162	25,126	13
Share issuance - July private placement	16,000	8,000	-	-
Balance, October 5, 2018	70,963	20,162	25,126	13

The share exchange transactions were to facilitate the redesignation of the Class A common shares to common shares to precursor the private placements.

The April private placement Units consisted of one common share and one liquidity warrant providing the holder $1/10^{th}$ of a common share upon exercise. The warrants were deemed to have nil fair value due to the low probability of exercise as they are exercisable if no liquidity transaction occurs prior to March 13, 2019. The April private placement also provided agent compensation warrants which were fair valued using the Black Scholes model for a total of $13 thousand of stock compensation expense. This expense was treated as share issuance costs and has been netted against the value of share capital as such.

The July private placement was with one entity and consisted of common shares alone.

Further details on these transactions can be found within the *"Subsequent Events"* section above as well as the subsequent events note which accompanies the Company's audited consolidated financial statements for the period August 22, 2017 (date of incorporation) through December 31, 2017.

WESTLEAF CANNABIS INC.

Management Discussion and Analysis

For the three and six month periods ended June 30, 2018
(In Canadian Dollars)

This Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations of Westleaf Cannabis Inc. ("the Company" or "Westleaf") is dated as of October 5, 2018. It should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the six-month period ended June 30, 2018, inclusive of the accompanying financial statements notes, all of which were prepared in accordance with International Financial Reporting Standards ("IFRS") in accordance with IAS 34 *Interim Financing Reporting*.

The interim condensed consolidated financial statements do not include all of the information and disclosures required in the annual consolidated financial statements. Accordingly, these interim financial statements should be read in conjunction with the annual audited consolidated financial statements for the period ended December 31, 2017, which have been prepared in accordance with IFRS.

This MD&A has been prepared with reference to the National Instrument 51-102 *Continuous Disclosure Obligations* established by the Canadian Securities Administrators ("CSA"). Additional information regarding Westleaf is available on our website at www.westleaf.com.

All amounts presented within this MD&A are in thousands of Canadian dollars, except share and per share amounts, unless otherwise noted.

Forward-Looking Information

This MD&A may contain "forward-looking information" with respect to the Company. This information may take the form of statements found within this document expressing the Company's expectations as to future outcomes and events based on the information currently available. All statements contained herein are given as at the date of this MD&A and the Company undertakes no obligation to update the information for new events or circumstances other than as required by securities laws.

Forward-looking information and statements may be identifiable by the use of words such as "achieve", "anticipate", "budget", "could", "estimate", "expect", "future", "forecast", "intend", "may", "might", "occur", "plan", "potential", "prospective", "should", "will", "would" and other similar expressions.

By nature, forward-looking information and statements are inherently subject to the risk that the actual results can be materially different from the expected outcomes. The Company does not provide any assurance as to the accuracy of this forward-looking information and statements and cautions readers not to place undue reliance on such.

Certain forward-looking statements in this MD&A include, but are not limited to:

- expectations described in the Company's critical accounting judgements, estimates and assumptions;
- the Company's expectations regarding the adoption and impact of certain accounting pronouncements;
- the Company's expectations regarding future development and operation of the Company's cannabis production, processing, and manufacturing facilities;
- the Company's ability to produce products of high quality;
- the Company's expectations for the legalization of cannabis products;
- expected demand for cannabis in the adult use recreational market;
- the Company's expectations regarding future development and operation of the Company's retail locations;
- the expectation for certain Canadian provinces and municipalities to allow the private retail of cannabis products;
- the Company's expectations regarding licensing related to the cultivation, production and sale of cannabis products by the Company, its subsidiaries and its partnerships;
- the ability to operate as a vertically integrated entity;
- the development of brands and brand equity;
- the Company's expectations of product sales;
- future corporate development;

- expectations regarding future expenditures, including but not limited to both operational and capital expenditures;
- the Company's expectation for the use of proceeds received from fund raising activities;
- the Company's ability to achieve profitability without the need for further fund raising activities;
- the Company's ability to access debt financing contingent on future events;

Company Overview

Westleaf Cannabis Inc. was incorporated on August 22, 2017, pursuant to the Alberta Business Corporations Act ("ABCA") under the name "Westleaf Capital Corp." On January 16, 2018, pursuant to a Certificate of Amendment, Westleaf Capital Corp. changed its name to Westleaf Cannabis Inc. ("Westleaf" or "the Company"). Westleaf is a vertically integrated cannabis company with two cannabis production facilities under development in Battleford, Saskatchewan (the "Battleford Facility"), and Calgary, Alberta ("the Delta West Facility"). Once both of Westleaf's planned facilities are fully operational, Westleaf will have up to approximately 175,000 of square feet devoted to cannabis production, processing and manufacturing. Westleaf intends to develop and manufacture a range of cannabis products for sale. Westleaf's prospective retail stores are planned for British Columbia, Alberta, Saskatchewan and Manitoba (subject to receipt of retail licenses in respect of the same) and intends to apply for licenses in Ontario upon the release of a formal regulatory framework.

The table below lists the Company's subsidiaries and the ownership interests in each as at the date of this MD&A.

Subsidiary	Percentage of ownership	Accounting method
Westleaf Cultivation Management I Inc.	100%	Consolidation
Westleaf Cultivation Management II Inc.	100%	Consolidation
Westleaf Retail Inc.	100%	Consolidation
Westleaf Retail BC Inc.	100%	Consolidation
Delta West Inc.	50%	Consolidation
Delta West Limited Partnership	50%	Consolidation

Retail Brands – Prairie Records

With the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, and Newfoundland & Labrador permitting the sale of recreational cannabis products through private retail operators, the Company has invested in the development of a high-quality retail store concept named "Prairie Records". To date, the Company has applied for licenses for Prairie Records stores in British Columbia, Alberta, Saskatchewan and Manitoba (applied for Manitoba's Phase II request for proposal for retail). Furthermore, Ontario has announced it intends to permit private retail and has indicated that it will release a formal regulatory framework prior to April 2019. Westleaf is closely following developments in Ontario and is evaluating potential retail locations throughout the province. Westleaf intends to continue to pursue additional retail store licenses, where appropriate, in the aforementioned provinces.

Domestic Cannabis Production

Westleaf has submitted its application to become a Licensed Producer under the Access for Cannabis to Medical Purposes Regulations ("ACMPR") for the Battleford Facility. If granted, this license would grant Westleaf the ability to cultivate and sell dried cannabis flower from its Battleford Facility. Westleaf's application is currently under review by Health

Canada. Once fully operational, the facility will be approximately 115,000 square feet and will provide significant job creation for the Thunderchild First Nations community and will spur long-term economic development in Battleford, Saskatchewan.

Westleaf has submitted its application for a license to produce and sell cannabis oils at its Delta West facility. Westleaf's application is currently under review by Health Canada. Westleaf intends for the facility to be a world-class extraction, research and development, processing and fulfillment centre which will produce a diversified derivative product offering to supply the Canadian and global markets.

On June 21, 2018, Bill C-45 (the "Cannabis Act"), received Royal Assent, passing through the final stage of the federal legislative process and into law. The Bill, which comes into force October 17, 2018, creates a legal market for recreational cannabis and significantly expands the number of individuals able to legally purchase cannabis and cannabis products within Canada. Until Bill C-45 comes into force, the sale of cannabis outside of the authorization of the Controlled Drugs and Substances Act ("CDSA") and its regulations, such as the ACMPR, will continue to be illegal. Westleaf's application are currently under review by Health Canada (see "*Company Overview – Domestic Cannabis Production"* for more details). Westleaf has received retail licenses or permits to apply for licenses to operate private retail and intends to apply for additional licenses in British Columbia, Alberta, Manitoba, and Ontario (subject to release of a formal regulatory framework prior to April 2019), as well as evaluate opportunities to acquire licenses in the province of Saskatchewan (see "*Company Overview – Retail Brands – Prairie Records"* for more details).

Company Strategy

Westleaf is a vertically integrated cannabis company, with its primary focuses being retail distribution in privatized markets across Canada and the development of product brands with diverse product offerings. The Company has numerous product brands under development and intends to direct additional capital towards marketing, promotional initiatives, and research and development to expand product offerings. Additionally, the Company is developing two large-scale facilities for the production, processing, and extraction of cannabis to ensure Westleaf brands are accompanied by the highest quality cannabis or cannabis extract. Through its retail distribution channels, Westleaf can ensure these brands reach consumers and begin to build brand equity in the Canadian recreational cannabis market.

Vertical Integration

Westleaf intends to develop a vertically integrated business model with assets throughout the cannabis value chain and anticipates benefits including but not limited to:

- Distribution for Westleaf brands;
- Control over the consumer experience from seed to sale;
- Margin protection against a potentially oversupplied market;
- Maximization of profit margin by capturing all segments of the value-chain;
- Consumer insights through retail ownership and the ability to alter production accordingly; and
- Allowing for proper capital allocation and management across all segments.

Retail Locations

To date, Westleaf has received licenses or permits to apply for licenses to operate private retail and online sites in the provinces that have announced private retail operations – Alberta and Saskatchewan (Alberta does not allow for private online sites for the sale of cannabis). The Company is pursuing, or is in the process of, applying for additional retail licenses in select communities in Alberta, British Columbia, and Manitoba. The Company intends to pursue private retail licenses in the province of Ontario upon the release of a formal regulatory framework applicable to privatised cannabis retail. Westleaf is closely following developments in Ontario and is evaluating potential retail locations throughout the province.

Mergers & Acquisitions

The Company's management team has a proven track record of successful partnership and acquisitions from their backgrounds in private equity and investment banking. Given the early-stage nature of the Canadian cannabis industry, Westleaf intends to regularly evaluate acquisition opportunities while adhering to a disciplined value-oriented investment approach.

Performance Highlights

The Company is not yet in its operational stage but substantial activity surrounding financing and capital acquisitions occurred of which the significant items included:

	Date	Amount cash inflow (outflow)
		$
Non-brokered private placement common shares	April 16, 2018	12.5 million
Alberta Treasury Branch term loan	April 19, 2018	7.5 million
Capital injection to Limited Partnership for Delta West production facility	April 19, 2018	3.0 million
Property acquisition for retrofit of Delta West production facility	May 1, 2018	(6.9) million
Non-brokered private placement common shares	July 24, 2018	8.0 million
Alberta Treasury Branch term loan	September 7, 2018	24.0 million

The April 19, 2018, term loan contains a $3.2 million amount that is available upon obtainment of the facility production license.

The September 7, 2018, term loan contains a $11.3 million amount that is subject to additional approvals by the Alberta Treasury Branch and is to be used for Phase II of that facility project.

Subsequent Events

The following significant items occurred subsequent to the report date for the financial statements for the period ended June 30, 2018.

(a) On July 24, 2018, Westleaf completed a non-brokered private placement with one entity of approximately 16 million Units at $0.50 per Unit for gross proceeds of approximately $8 million.
(b) On July 27, 2018, a wholly-owned subsidiary Westleaf Retail BC Inc. ("WRBC") was incorporated under the British Columbia, Canada, jurisdiction, through which the Company's retail operations in British Columbia will be conducted.

(c) On August 2, 2018, the Company approved a Restricted Stock Unit ("RSU") plan.

(d) On September 7, 2018, the Company executed a credit facility commitment letter with ATB Financial ("ATB") through its wholly-owned subsidiary WCMI. The commitment letter provides for a combination of credit facilities (collectively, the "Facilities" and each, a "Facility") totalling up to approximately $24 million.

Facility #1 provides a revolving operating loan facility in the amount of $250 thousand, by way of prime-based loans and a corporate credit card for use for general operating purposes.

Facility #2 provides a non-revolving development loan facility in the amount of up to $12 million, by way of prime-based loans and guaranteed notes, to be used to finance the development of Phase 1 of the greenfield build of WCMI's cannabis production facility ("Battleford facility"). Facility #2 is available by way of multiple draws

once the Company has incurred and paid for 50% of approved budgeted costs of the Battleford facility. Facility #2 is to be repaid using the funds from Facility #4 below once the Battleford facility is substantially complete.

Facility #3 provides for stand-alone credit, by way of Letters of Credit, to be issued to municipalities in Battleford, Saskatchewan, to support development of the Battleford facility.

Facility #4 provides for a non-revolving reducing term loan facility in the amount of up to $12 million, by way of prime-based loans and guaranteed notes, to be used to repay Facility #2 upon Facility #2 maturity. Facility #4 will be available by way of a single draw.

The Facilities are accompanied by a second installment facility (the "Additional Facilities"), whereby WCMI may request further financing up to $11.3 million relating to Phase 2 of the Battleford facility. The Additional Facilities will be dependent on WCMI obtaining a cannabis production license.

Overall Performance

The Company recorded a net loss of $1,063 and $1,373 for the three and six months ended June 30, 2018, respectively.

Summary information pertaining to the net losses is as follows:

Net loss	Three months ended June 30, 2018	Six months ended June 30, 2018
	$	$
General and administration expense	944	1,249
Depreciation and amortization expense	7	7
Foreign exchange loss	2	2
Transaction costs	110	115
Net loss attributable to Westleaf Cannabis Inc.	981	1,291
Net loss attributable to non-controlling interests	82	82
Total net loss	1,063	1,373

The majority of the net loss for each of the periods was attributable to general and administration expenses which saw increased amounts as a result of salaries and wages as well as increased office costs. Further details can be found within the "*Operations*" section below.

The transaction costs seen above primarily pertain to the non-capitalizable income tax portion of the fees associated with the private placement.

There was a net cash inflow for the three and six month periods ended June 30, 2018, as follows:

Cash flows	Three months ended June 30, 2018	Six months ended June 30, 2018
		$
Operating activities		
Net loss	(1,063)	(1,373)
Depreciation and amortization	7	7
Changes in non-cash working capital	562	521
Total operating activities	(494)	(845)
Investing activities		
Purchase of capital assets	(9,485)	(9,770)
Purchase of right-of-use asset	(67)	(67)
Purchase of intangible assets	(51)	(57)
Total investing activities	(9,603)	(9,894)
Financing acitivities		
Proceeds from issuance of common shares	2,760	12,482
Share issuance costs	(317)	(317)
Proceeds from issuance of partnership units by DWLP	3,000	3,000
Repayment of short-term loans	(150)	(197)
Increase in lease liabilities	63	63
Increase in long-term debt	4,200	4,200
Total financing activities	9,556	19,231
Net cash flow change	(541)	8,492

Cash at June 30, 2018, in total was $8.9 million of which an amount of $1.2 million was restricted as per the terms of the April 19, 2018, ATB term loan which requires an amount be held in trust on account of future quarterly payment amounts.

Operations

The Company is not yet operational and, as such, has no revenues generated yet. Details of the most significant expense item, general and administration, are as follows:

General and administration expenses	Three months ended June 30, 2018	Six months ended June 30, 2018
	$	$
Salaries and wages	479	571
Office and general	224	293
Marketing and branding	92	157
Professional fees	81	124
Travel and accomodation	58	90
Consulting fees	10	14
Total expenses	944	1,249

The disproportionate increase in the general and administration expense seen in the three months ended above is primarily attributable to the salaries and wages item. As Management had not received any compensation since the Company start-up, a retroactive salary payment was enacted in June which paid Management for salaries for the period February through June of 2018. This expense item also saw increases due to additions to personnel headcount in the head office.

Office and general expenses were also increased in the three months ended June 30, 2018, attributable in large to rent expense which began in May for the head office premises.

Recently Issued Accounting Pronouncements

A description of recently issued accounting pronouncements which have the potential to affect our financial position and results of operations is disclosed under the section "*New Accounting Pronouncements*" in this MD&A.

Industry Trends and Risks

The Company's financial position and results of operations are subject to a number of risks and uncertainties. The Company's principal risks are described below.

Ability to Obtain Licenses

Westleaf's ability to grow, ship, possess and obtain cannabis is dependent on its receipt of the appropriate licenses and its ability to remain in good standing as a Licensed Producer after the receipt of the licenses. Currently, the Company has applied to Health Canada for two ACMPR licenses which the Company expects will transition to applications under the Cannabis Act based on guidance from Health Canada. Even if the Company is successful in receiving these licenses, and other licenses which it may apply for in the future, there is no guarantee that Health Canada will extend or renew any or all of the licenses. Any failure to obtain licenses or future loss of such licenses could materially adversely affect the Company and its ability to operate.

Adult Use of Recreational Cannabis Not Yet Legal

Westleaf's business plan involves the sale of recreational cannabis to adults. Currently, recreational use and sale of cannabis is not legal in Canada, however the Cannabis Act, which provides for the legalization of the sale of cannabis to and consumption of cannabis by adults, has passed through the Canadian Parliament and received Royal Assent. The Cannabis Act comes into force on October 17, 2018, and Westleaf believes this will create a market for its products. If the Cannabis Act does not come into force in its current form on the proposed date this could have a materially adverse effect on Westleaf.

Regulatory Environment

Westleaf intends to operate in a highly regulated industry with a significant amount of regulatory uncertainty. The laws and regulations which govern Westleaf's future operations are still developing and may develop in ways which Westleaf may not foresee. Additionally, provinces and municipalities have been granted much of the regulatory power over the sale of cannabis by the Cannabis Act which has created and continues to create a legal framework which varies across the jurisdictions which Westleaf intends to operate in. There is no assurance that provincial governments will enact regulations to create the legal market and associated opportunities which Westleaf currently anticipates.

If the Company fails to comply with applicable laws, regulations and permitting requirements it may be subject to enforcement actions, including orders issued by regulatory or judicial authorities causing operations to be cease or be curtailed. These orders may include corrective measures requiring installation of additional equipment or remedial actions which could cause the Company to incur additional capital expenditures or other expenses. The Company may be required to compensate those suffering loss or damage as a result of the Company's actions or future operations and may suffer civil or criminal fines or penalties imposed if its actions or future operations violate applicable laws or regulations.

In addition to regulation regarding the production and sale of cannabis, Westleaf is also subject to health, safety and environmental regulations with which it is required to comply. See the section below titled "*Environmental Regulations and Risks*" for more information on Environmental Regulations.

Environmental Regulations and Risks

The Company's future operations are subject to the environmental regulations of the jurisdictions in which they operate. These regulations mandate the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of waste, both solid and hazardous. Environmental regulations are evolving, generally becoming more stringent and requiring a greater level of responsibility from companies and their officers, directors and employees. Future regulations or changes to regulations may have material adverse effects on the Company and its future operations. The development of certain operations of the business rely upon the receipt of permits or government approvals. To the extent such approvals are required and not obtained, the Company may not be able to develop certain operations as they are currently proposed. If the Company fails to comply with applicable laws, regulations and permitting requirements it may result in enforcement actions against the Company, including orders issued by regulatory or judicial authorities causing operations to be cease or be curtailed. These orders may include corrective measures requiring installation of additional equipment or remedial actions which could cause the Company to incur additional capital expenditures or other expenses.

Amendments to current laws, regulations, and permits governing the production and sale of cannabis, or more stringent implementation thereof, could have a material adverse affect on the Company by way of increased expenses, capital expenditures or production costs or a reduction in levels of production or revenue or the requirement of abandoning or delaying development.

Key Personnel

Westleaf is highly dependent on the ability, expertise, judgement, discretion and good faith of our senior management team as well as other senior employees within the company. The Company's future success depends on its ability to retain these key personnel as well as to attract, develop and retain highly qualified and skilled employees. There is significant demand for qualified individuals and as a result the Company may incur significant costs to attract and retain them.

As part of the Company's ACMPR application, each Key Person at the Company must receive security clearance from Health Canada. There is no guarantee that existing personnel will receive security clearance. Under Health Canada regulations, a security clearance remains in effect for a maximum of five years and must be renewed before expiration. There is no guarantee that existing personnel will receive security clearance upon the required renewal in this period. Failure by a Key Person to gain or maintain the required security clearance could result in a material adverse effect on the Company.

Reliance on a Small Number of Facilities

The Company has focused primarily on two main projects outside of retail development. Westleaf intends to continue its focus on developing these projects for the foreseeable future. Adverse changes affecting the development of these projects could have a material and adverse effect on the Company's ability to begin producing cannabis and/or derivative cannabis products.

Reliance on Third Party Suppliers, Manufacturers and Contractors

In addition to its own proposed vertically integrated structure, the Company intends to use third party suppliers, manufacturers and contractors in the provision of products and services. Should one or more of these third parties choose to discontinue a business relationship or withdraw its services from the Company due to regulatory reasons or otherwise, the Company and its future operations may suffer adverse effects.

Risks Inherent in Agricultural Business

The Company intends for a portion of its operations to consist of the cultivation of cannabis, an agricultural product. This future operation will be subject to the inherent risks of agricultural business, including insects, plant disease and similar agricultural risks. While the Company intends to complete its cultivation indoors under climate-controlled conditions and additional provisions intended to reduce these risks, there can be no assurance that natural elements will not have a material adverse effect on any such future production.

Risks of Future Retail Store Operations

Westleaf's future retail operations depend on Westleaf's ability to secure attractive real estate in areas with zoning that is compliant with governmental regulations and bylaws at what it believes to be economic terms. The company faces competition for retail locations from other companies in the industry as well as other retail businesses attempting to secure retail locations. There can be no guarantee that Westleaf will attain more retail locations or licenses nor that the locations which it does attain will continue to be attractive or economic. Westleaf may lease or purchase buildings or spaces to serve as retail locations and these leases and purchases may cause Westleaf to incur future liabilities. There is no assurance that retail leases obtained will be able to be renewed at economic terms. There is no assurance that future retail locations will produce the same results as retail locations which the Company is no longer able or willing to lease or own.

Product Liability

There is inherent risk of exposure to product liability claims in its future operations as a distributor and producer of products designed to be ingested by humans. Regulatory actions or litigation may result if its products are alleged to have caused loss or injury. In addition, the future sale of Westleaf's products may 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 substances or medications could occur. The Company may be subject to various product liability claims, including but not limited to, that the Company's products caused illness or injury, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Company could result in increased costs, adverse affects on its reputation with its clients and consumers generally, and could have a material adverse effect on the results of operations and financial condition of the Company. There can be no guarantee that the Company will be able to maintain product liability insurance with adequate coverage against potential liabilities on reasonable terms. There can be no assurance of availability of this insurance in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage at commercial terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of some or all of the Company's potential products.

Product Recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of the products they produce or sell 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. Should any of the Company's products be subject to a recall due to an alleged product defect or for any other reason, the Company could be forced to incur the expense of the recall and any legal proceedings that may arise in connection with the recall. The Company may be unable to sell a significant amount of its inventory or lose a significant amount of sales and may not be able to replace those sales at an acceptable margin, or at all. A product recall may require significant management attention in addition to the financial costs. Although the Company has detailed procedures in place for testing its products, there can be no guarantee that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the Company's brands were subject to a recall, the customer perception of that brand and the Company as a whole could be harmed. A recall for any reason could lead to decreased demand for the Company's products and could have a material adverse effect on the results of operations and financial condition of the Company. Additionally, product recalls may lead to increased scrutiny of the Company's operations by regulatory agencies including Health Canada and require further management attention, increased legal fees and other expenses.

Risks Inherent in the Acquisition of Companies, Assets and Brands

Westleaf may from time to time elect to pursue strategic acquisitions to acquire technologies, brands, businesses, assets or intellectual property which it believes are complementary to its business and/or enter into strategic partnerships in order to leverage its position in the cannabis industry. While Westleaf intends to conduct substantial due diligence in connection with such acquisitions, there are risks inherent in any acquisition. Specifically, there could be unknown or undisclosed risks or liabilities associated with such companies which Westleaf is not sufficiently indemnified. Any such unknown or undisclosed risks or liabilities could materially and adversely affect Westleafs's financial performance and results of operations.

Future acquisitions may expose the Company to potential risks, including risks associated with: (i) the integration of new operations, personnel and services; (ii) unforeseen or hidden liabilities; (iii) potential inability to generate sufficient revenue to offset new costs; (iv) the diversion of resources from the Company's existing business and technologies; (v) the expenses of acquisitions; or (vi) the potential loss of or harm to relationships with both employees

and existing users resulting from its integration of new security which could misappropriate proprietary information or cause interruptions in its operations. Westleaf may be required to increase its capital expenditures and other resources to protect against such security breaches or to alleviate problems caused by such breaches.

Difficulty to Forecast

Westleaf must rely mainly on its own market research to forecast sales and expenses as detailed forecasts are generally not available from reputable sources at this early stage of the cannabis industry in Canada. If demand does not materialize for its products as a result of competition, technological change, regulatory change or other factors this could have an adverse material effect on the Company.

Intellectual Property Risks

Westleaf may have certain proprietary intellectual property, including but not limited to trademarks, trade names, brands, patents and proprietary processes. Westleaf will rely on this intellectual property as well as the know-how of its employees and other proprietary information, and require certain employees, consultants, suppliers and counterparties to sign confidentiality agreements. In the event of a breach of these confidentiality agreements the Company may not have adequate remedies for such breaches. Outside parties may develop substantially equivalent proprietary information independently without infringing upon any proprietary technology or information. Additionally, outside parties may otherwise gain access to the Company's proprietary information and make use of it in a competitive manner. Any loss of intellectual property, through the avenues listed above or otherwise, may affect the Company in a materially adverse manner.

Marketing Constraints

The Company's intended retail operations and future operating results may be hindered by the applicable regulations which restrict the sales and marketing activities of the Company and the cannabis industry. These regulations may limit the Company's ability to compete for market share if it is unable to effectively market its products. If the Company is unable to effectively market its products its intended retail operations and future operating results may be affected adversely.

Internal Controls

Effective internal controls are a necessity for Westleaf to be able to provide reliable and accurate financial reports and to help safeguard against fraud. Although Westleaf will undertake a number of procedures and will implement a number of preventative measures, in each case, in order to help ensure the reliability of its financial reports, Westleaf can not be sure that such measures will ensure Westleaf will maintain adequate control over financial reporting and processes. Failure to implement newly required or improved controls, or difficulties or delays encountered in their implementation, could harm the Company's financial position or operating results or cause it to fail to meet its reporting obligations. If Westleaf or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce investor confidence in Westleaf's consolidated financial statements and materially adversely affect the perceived value of Westleaf or its ability to access capital markets.

Contingencies

In the normal course of business, Westleaf may become involved in legal disputes due to various litigation matters. Should any litigation arise in which the Company is involved be determined against the Company, the Company could be adversely affected. Even if the Company is involved in a legal dispute in which the Company wins, the Company may still be adversely affected by the significant redirection of resources required by the litigation. Litigation may also adversely affect brand perception. The Company is not aware of any legal disputes in which it is named, nor does it have any financial contingencies for litigation at this time.

Insurance and Uninsured Risks

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

Westleaf maintains and intends to maintain insurance to protect against certain risks in such amounts which it considers to be reasonable and at an economically feasible cost. Although it intends to maintain this insurance, it will not cover all potential risks associated with its actions and future operations. Insurance may not be available in the future or may not adequately cover any resulting liability. Insurance is not generally available against certain risks, including environmental pollution and other hazards which may be encountered by Westleaf from time to time. The Company may become subject to liability for hazards which it is not insured against or which the Company may have elected not to insure against due to premium costs or other reasons. Losses related to these hazards may affect Westleaf in a material and adverse manner.

Limited Operating History

Westleaf was founded in August of 2017 and has yet to generate sufficient revenue to offset its expenses. Westleaf is therefore subject to many of the risks common to early-stage companies, including undercapitalization, cash shortages, lack of revenues and limited resources, including personnel and financial. There is no guarantee that the company will achieve a return on shareholders investment and the likelihood of success must be considered given the early-stage nature of the development of operations.

History of Losses

The Company has incurred losses in recent periods. The Company may not be able to attain profitability and may continue to incur significant losses in the future. The Company plans to increase expenses materially in the future to implement its business plan. If the Company does not achieve high enough revenues to offset this higher cost base it will not be profitable.

Additional Financing - Risk Factors Related to Dilution

The Company may issue additional common shares in the future. Future issuances or sales of equity securities could dilute shareholders' ownership and voting power. The issuance of equity securities could also reduce Westleaf's earnings per share and value of Westleaf's common shares. The Company is permitted by its articles to issue an unlimited number of common shares subject to Board approval and, in the event of any such issuance, shareholders will have no pre-emptive rights associated with the issuance.

Interest Rate Risk

Westleaf has entered into credit agreements to fund certain projects. The credit agreements specify a rate at which Westleaf must pay interest to the counterparty on funded amounts. This interest rate is variable and as a result may rise or fall in accordance with the specified market rate. Westleaf currently does not hedge this interest rate and may have more difficulty meeting its interest obligations if this interest rate were to increase.

Westleaf is required under the terms of certain credit agreements, to hedge its interest rate exposure for portions of future credit facility draw amounts.

Summary of Quarterly Results

This table sets out certain financial information for each of the Company's prior quarterly reporting periods. The third quarter ended September 30, 2017, is comprised of the thirty-nine days following the Company start-up.

	Revenue	Net loss	Loss per share basic/diluted
	$	$	$
39 days ended September 30, 2017	-	(1)	(0.01) / (0.01)
Quarter 4 ended December 31, 2017	-	(215)	(1.07) / (1.07)
Quarter 1 ended March 31, 2018	-	(310)	(0.02) / (0.02)
Quarter 2 ended June 30, 2018	-	(1,063)	(0.02) / (0.02)

The majority of the change in the net loss quarter over quarter is attributable to increases in general and administration costs.

There were substantial changes in the share capital, which is demonstrated in the loss per share above, and further details can be found below.

Liquidity and Capital Resources

For the period ended December 31, 2017, the Company had limited liquidity due to the start-up nature of the business. During the six months ended June 30, 2018, capital transactions occurred which resulted in both debt and equity financing. The Company's working capital details were as follows:

	As at June 30, 2018	As at December 31, 2017
	$	$
Cash	8,937	445
Accounts receivable and other current assets	394	110
Accounts payable and accrued liabilities	(904)	(99)
Total working capital	8,427	456

In addition to the working capital requirements, Westleaf had the following borrowing obligations:

	As at June 30, 2018	As at December 31, 2017
	$	$
Term loan debt - current portion (a)	430	-
Current portion of lease liabilities (b)	31	-
Unsecured demand loan (c)	465	522
Unsecured demand loan from related parties (d)	-	140
Total current borrowings	926	662
Term loan debt (a)	3,770	-
Long-term lease liabilities (b)	32	-
Total long-term borrowings	3,802	-
Total borrowings	4,728	662

(a) On April 19, 2018, Delta West Inc. and Delta West Limited Partnership entered in to a two-year term loan facility arrangement with ATB. The loan facility provides for an initial financing in the amount of $4.3 million and is based on a ten-year amortization time period with the first renewal occurring at the end of the initial two-year term. The loan also provides for an additional borrowing amount up to $3.2 million upon obtainment of the production license. The loan is subject to interest at a prime plus 3% annual rate with quarterly payments commending June 30, 2018.

(b) The lease liabilities are comprised of a two-year lease for an annual subscription to a software program. The lease is a fixed US dollar denomination and can be subject to variations in valuation due to foreign exchange. There were no such revaluation adjustments in this reporting period.

(c) The Company had received a non-interest bearing cash deposit in the amount of $525 from an arm's length party with whom a private placement investment transaction occurred subsequent to the period end on July 24, 2018, as well as repayment of this amount owed to the investor.

(d) The Company's founding shareholders provided a working capital injection to the Company as a non-interest bearing short-term loan. The amount was repaid in full to such shareholders subsequent to the period end and is discussed within the *"Related Parties"* section in this document.

Subsequent to the June 30 period end, additional capital financing was secured in the form of debt and equity instruments as follows:

On July 24, 2018, the Company closed a non-brokered private placement with one entity of approximately 16 million Units at $0.50 per Unit for gross proceeds of approximately $8 million.

On September 7, 2018, the Company executed a credit facility commitment letter with ATB which provides for a combined financing of approximately $24 million.

The total funds secured through these additional financing transactions amounted to approximately $32 million.

Further details on these capital financing transactions can be found within the *"Subsequent Events"* section of this MD&A.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages liquidity risk through the management of its capital structure.

Westleaf has primarily financed its activities through the issuance of common equity to date. Additionally, the Company has secured funding for certain projects in the form of senior secured debt with a Canadian financial institution. The Company manages its liquidity risk through the preparation and use of cash flow forecasts and budgets to ensure it has sufficient funds to meet obligations as they become due. Westleaf manages its working capital as part of this process, and in doing so may limit its funding needs by pursuing additional financing sources, managing the timing of capital expenditures and other measures. Westleaf's future business activities may require additional capital to develop and operate which Westleaf may not be able to secure.

The Company has the following contractual obligations;

As at June 30, 2018:

	Total	<1 year	1-5 years
	$	$	$
Accounts payable and accrued liabilities	904	904	-
Short-term loans	465	465	-
Current portion of lease liabilities	31	31	-
Current portion of long-term debt	430	430	-
Long-term lease liabilities	32	-	32
Long-term debt	3,770	-	3,770
Total	5,632	1,830	3,802

As at December 31, 2017:

	Total	<1 year	1-5 years
	$	$	$
Accounts payable and accrued liabilities	99	99	-
Short-term loans	662	662	-
Total	761	761	-

Capital

Authorized at December 31, 2017:

Unlimited number of Class A common voting shares
Unlimited number of Class B common voting shares
Unlimited number of Class C common non-voting shares
Unlimited number of preferred shares

Authorized at October 5, 2018:

Unlimited number of common shares
Unlimited number of preferred shares

Concurrent with the private placement which closed in April 2018, the Class A common shares were redesignated as common shares and the Class B and Class C shares were cancelled.

	Number of shares	Share capital	Number of warrants	Warrants
		$		$
Balance, December 31, 2017	200	10	-	-
Share exchange - cancellation class A common	(200)	-	-	-
Share exchange - common shares	30,000	-	-	-
Share issuance - tranche 1 & 2 private placement	19,463	9,732	-	-
Balance, March 31, 2018	49,463	9,742	-	-
Share issuance - tranche 3 private placement	5,500	2,750	-	-
Warrants issued	-	(13)	25,126	13
Share issuance costs	-	(317)	-	-
Balance, June 30, 2018	54,963	12,162	25,126	13

As at the date of this MD&A, there were no additional outstanding commitments related to the capital resource funding obtained. The ATB loan proceeds intended to be used for the Delta West Facility property purchase were executed as planned effective May 1, 2018.

Off-Balance Sheet Arrangements

The Company has no such arrangements at the period ended in the referenced financial statements nor as at the date of this MD&A.

Related Parties

All transactions with related parties are recorded at their fair value amounts in the financial statements to which this MD&A discusses.

Compensation of key management personnel

The Company's key management personnel have the authority and responsibility for planning, directing and controlling the activities of the Company and consists of the Company's executive management team and management directors.

	Three months ended June 30, 2018	Six months ended June 30, 2018
	$	$
Management compensation	240	240
Total	240	240

The amounts above are short-term in nature and do not include any share-based compensation.

Related party balances

The following related party amounts were included in the consolidated statements of financial position:

	As at June 30, 2018	As at December 31, 2017
		$
Officers and shareholders of the Company	8	(140)
Total	8	(140)

As at June 30, 2018, receivable amounts of $8 for reimbursements owed by officers of the Company were sitting in the other accounts receivable balance.

As at December 31, 2017, loan amounts of $140 were sitting in the short-term loans balance. These amounts were comprised of a working capital injection provided by the Company's shareholders in the form of non-interest bearing short-term loans. The amounts were repaid in full to the shareholders subsequent to the December 31, 2017, period end.

Critical Accounting Estimates

The preparation of the Company's consolidated financial statements in accordance with IFRS requires management to make judgements, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, and revenues and expenses. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements, estimates and assumptions that have the most significant effect on the amounts recognized in the financial statements are described below.

Fair value of financial instruments

All financial instruments are required to be recognized at fair value on initial recognition. Subsequent measurement is at amortized cost or fair value depending on the classifications of the financial instruments.

Fair value is determined by reference to quoted prices where available and in the absence thereof, internal or external valuation models. These models require assumptions and estimates that may vary significantly from actual results. The judgemental components could include; (a) the values attributed to each component of a transaction at the time of their issuance; (b) the fair value measurements for certain instruments that require subsequent measurement at fair value on a recurring basis; and (c) for disclosing the fair value of financial instruments subsequently carried at amortized cost.

Leases

The application of IFRS 16 requires the Company to make judgments that affect the valuation of the right-of-use asset and corresponding lease liability. These include but are not limited to; the determination of the applicable contracts and terms, the discount interest rate, the intent for future options to extend or purchase, the economic useful life of non-current assets as well as the separation of non-lease components.

Deferred tax assets

Deferred tax assets, including those arising from tax loss carry-forwards, require management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

New Accounting Pronouncements

The following IFRS standards were effective for years beginning on or after January 1, 2018 and were adopted in the unaudited condensed interim consolidated financial statements considered in this MD&A.

IFRS 9 Financial instruments

In July 2014, the IASB issued the final version of *IFRS 9 Financial instruments* which replaces *IAS 39 Financial instruments: recognition and measurement* and all previous versions of IFRS 9. The standard introduces new requirements for classification, measurement, derecognition of financial instruments, hedge accounting and introduces a new impairment model for financial assets. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. Financial liabilities remain as classified as other financial liabilities with measurement at amortized cost or classified as fair value through profit or loss with measurement at fair value. IFRS 9 eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale. Under IFRS 9, on

initial recognition, a financial asset is classified as measured at amortized cost or else at fair value with changes recognized in other comprehensive income or at fair value with changes recognized in profit and loss.

The adoption of IFRS 9 did not have a material impact on the Company's consolidated financial statements.

The following tables summarizes the changes in the classification and measurement for the Company's financial assets and financial liabilities following the adoption. There were no changes to the measurement of these financial instruments.

	Classification	
	IAS 39	IFRS 9
Financial assets		
Cash	Loans and receivables	Amortized cost
Accounts receivable	Loans and receivables	Amortized cost
Financial liabilities		
Accounts payable and accrued liabilities	Other financial liabilities	Other financial liabilities
Short-term loans	Other financial liabilities	Other financial liabilities
Current portion of lease liabilities	Other financial liabilities	Other financial liabilities
Current portion of long-term debt	Other financial liabilities	Other financial liabilities
Long-term lease liabilities	Other financial liabilities	Other financial liabilities
Long-term debt	Other financial liabilities	Other financial liabilities

IFRS 7 Financial instruments: disclosure

IFRS 7 Financial instruments: disclosure, was amended to require additional disclosures on transition from IAS 39 to IFRS 9. IFRS 7 is effective on adoption of IFRS 9, which is effective for annual periods commencing on or after January 1, 2018.

The Company adopted IFRS 7 as at January 1, 2018. The adoption of this amendment did not have a material impact on the Company's consolidated financial statements.

IFRS 2 Share-based payment

In June 2016, the IASB issued amendments to *IFRS 2 Share-based payment* clarifying how to account for certain types of shared-based payment transactions. The amendments provide requirements on the accounting for:

- the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- share-based payment transactions with a net settlement feature for withholding tax obligations;
- a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The amendments are effective for annual periods beginning on or after January 1, 2018. The adoption of this amendment did not have a material impact on the Company's consolidated financial statements.

Other MD&A Disclosures

Outstanding Shares and Warrants

	Number of shares	Share capital	Number of warrants	Warrants
		$		$
Balance, June 30, 2018	54,963	12,162	25,126	13
Share issuance - July private placement	16,000	8,000	-	-
Balance, October 5, 2018	70,963	20,162	25,126	13

Further details on this transaction can be found within the "*Subsequent Events"* section above as well as the subsequent events note which accompanies the Company's unaudited condensed interim consolidated financial statements for the six-month period ended June 30, 2018.

APPENDIX E
PRO FORMA FINANCIAL STATEMENTS FOR THE RESULTING ISSUER

WESTLEAF CANNABIS INC.

(Formerly IGC Resources Inc.)

Pro-forma Consolidated Statement of Financial Position

(Unaudited)

July 31, 2018

(In Canadian Dollars)

WESTLEAF CANNABIS INC.

Pro-Forma Consolidated Statement of Financial Position

As at July 31, 2018

(Unaudited)

(In thousands of Canadian dollars)	IGC Resources Inc.	Westleaf Cannabis Inc.	Pro-forma adjustments	Note 4	Pro-forma Consolidated
Assets	$	$	$		$
Current assets					
Cash	425	8,937	29,419	(a), (b), (c), (d), (j), (k)	38,781
Accounts receivable	-	184	-		184
Other current assets	1	210	-		211
	426	9,331	29,419		39,176
Capital assets	-	9,830	-		9,830
Intangible assets	-	57	-		57
	426	19,218	29,419		49,063
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	102	904	-		1,006
Short-term loans	-	465	-		465
Current portion of lease liabilities	-	31	-		31
Current portion of long-term debt	-	430	-		430
	102	1,830	-		1,932
Long-term lease liabilities	-	32	-		32
Long-term debt	-	3,770	-		3,770
	102	5,632	-		5,734
Shareholders' equity					
Share capital	11,347	12,162	10,206	(a), (b), (c), (d), (e), (f), (g), (h), (i), (j), (k)	33,715
Reserves	1,772	13	11,195	(d),(e), (f), (g), (h), (k)	12,980
Deficit	(12,795)	(1,507)	8,018	(h), (i)	(6,284)
Non-controlling interest	-	2,918	-		2,918
	324	13,586	29,419		43,329
	426	19,218	29,419		49,063

1. Basis of presentation

The unaudited pro-forma consolidated statement of financial position (the "pro-forma statement") of Westleaf Cannabis Inc. ("Westleaf" or the "Company") as at July 31, 2018, has been prepared by management using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The pro-forma statement has been prepared for inclusion in a listing statement of the Company dated October 5, 2018, relating to IGC Resources Inc.'s ("IGC") reverse acquisition of all of the issued and outstanding capital stock of Westleaf Cannabis Inc. ("Westleaf").

The pro-forma statement as at July 31, 2018, was compiled from the unaudited condensed interim consolidated statement of financial position of Westleaf as at June 30, 2018, and the audited statement of financial position of IGC as at July 31, 2018, and includes all adjustments which, in the opinion of management, are necessary for the fair presentation, in all material respects, of the pro-forma statement as if the transactions described in Note 4 had occurred as at July 31, 2018.

The pro-forma statement is not necessarily indicative of the combined results or financial position that would have been attained had the transactions actually taken place at the dates indicated and do not purport to be indicative of the effects that may be expected to occur in the future.

2. Significant accounting policies

The pro-forma statement has been prepared in accordance and consistent with the significant accounting polices disclosed in;

Westleaf's audited consolidated financial statements for the period August 22, 2017, (date of incorporation) through December 31, 2017, as well as Westleaf's unaudited condensed interim consolidated financial statements for the three and six-month period ended June 30, 2018; and

IGC's audited financial statements for the year ended July 31, 2018.

3. Proposed transaction

On October 4, 2018, IGC and Westleaf entered into a Share Exchange Agreement (the "Agreement") pursuant to which IGC will acquire all of the issued and outstanding securities of Westleaf in consideration for securities of IGC, which will constitute a reverse takeover of IGC by Westleaf shareholders (the "Transaction") as follows:

Issuance of the following securities of IGC to Westleaf shareholders as well as warrant, stock options and restricted stock units holders:

i. 82,330,353 common shares;
ii. 4,713,121 warrants;
iii. 3,014,400 stock options; and
iv. 7,085,000 restricted stock units.

In addition to the Agreement, there is a concurrent financing proposed transaction that is expected to occur concurrently with, or prior to the reverse takeover transaction. Issuance of the following securities of the resulting amalgamated entity (the "Resulting Issuer") are proposed:

i. 17,648,000 common shares; and
ii. 9,882,880 warrants.

4. Pro-Forma adjustments and assumptions

The pro-forma statement incorporates the following pro-forma assumptions:

(a) The completion subsequent to June 30, 2018, of a non-brokered private placement of 16,000,000 Westleaf common shares at a price of $0.50 per share for gross proceeds of $8 million.

(b) The completion subsequent to June 30, 2018, of a non-brokered private placement of 5,485,000 Westleaf common shares at a price of $0.50 per share for gross proceeds of $2.7 million.

(c) The completion subsequent to June 30, 2018, of a non-brokered private placement of 5,882,353 Westleaf common shares at a price of $0.85 per share for gross proceeds of $5 million. Each common share unit includes a one-half warrant to purchase one common share at a price of $1.30 per share for a period of two years.

(d) The issuance of IGC warrants subsequent to July 31, 2018, as follows:

	Quantity	Exercise Price
	#	$
Exchange of Westleaf finder's warrants for IGC warrants	162,840	0.7500
Issuance of IGC performance warrants to Westleaf warrant holders	250,000	0.5000
Issuance of IGC performance warrants to Westleaf warrant holders	980,000	0.0010
Issuance of IGC warrants to Westleaf warrant holders	2,941,176	1.3000
Issuance of IGC warrants to Westleaf finder's warrant holders	204,705	0.8500
Issuance of IGC warrants to Westleaf finder's warrant holders	175,000	0.8500
	4,713,721	

The 162,840 finder's warrants were issued March 29, 2018. The issuance of the 250,000 and 980,000 performance warrants is effective the date of this transaction and the 2,941,176 warrants were issued October 2, 2018. The 204,705 and the 175,000 were issued as finder's compensation warrants effective the date of this transaction. The 204,705 warrant holders are also eligible to receive a cash finder's fee up to $174. All of these performance warrants expire two years from the date of issuance. The total fair value of the warrants using the Black Scholes valuation model amounted to $1.7 million. See Note 5 for details on the valuation.

(e) Subsequent to July 31, 2018, the consolidation of IGC's outstanding common shares and warrants occurred as follows:

	April 30, 2018	Consolidation	Consolidated
	#	Ratio	#
IGC common shares	10,656,442	1 : 0.342	3,645,346
IGC warrants	7,999,999	1 : 0.342	2,736,633
	18,656,441		6,381,979

The warrants expire March 22, 2019, and have an exercise price of $0.29 per warrant. The total fair value of the warrants using the Black Scholes valuation model amounted to $1.6 million. See Note 5 for details on the valuation.

4. Pro-Forma adjustments and assumptions (continued)

(f) The issuance of IGC stock options subsequent to July 31, 2018, as follows:

	#
Issuance of IGC stock options to Westleaf executives and directors	3,014,400
	3,014,400

The stock options were issued October 1, 2018, with an exercise price of $0.50 per option and they vest on a straight-line basis over a three-year period. The total fair value of the stock options using the Black Scholes valuation model amounted to $1.5 million. See Note 5 for details on the valuation.

(g) The issuance of IGC restricted stock units (RSUs) subsequent to July 31, 2018, as follows:

	#
Issuance of IGC restricted stock units to Westleaf employees and directors	7,085,000
	7,085,000

The RSUs are issued effective the date of this transaction and they vest on a straight-line basis over a three-year period. The total fair value of the RSUs using the Black Scholes valuation model amounted to $6.0 million. See Note 5 for details on the valuation.

(h) The acquisition of Westleaf by IGC constitutes a reverse asset acquisition as IGC does not meet the definition of a business, as defined in IFRS 3, *Business Combinations*. Accordingly, as a result of the Transaction, the pro-forma statement has been adjusted for the elimination of IGC's share capital of $11.3 million, reserves of $1.8 million and accumulated deficit of $12.8 million all within shareholders' equity.

(i) As a result of this reverse asset acquisition, a listing expense of $5.1 million has been recorded. This reflects the difference between the estimated fair value of the Westleaf shares to the IGC shareholders less the net fair value of the assets of IGC acquired. In accordance with reverse acquisition accounting:

i. The assets and liabilities of Westleaf were included in the pro-forma statement at their carrying values;

ii. The net assets of IGC were included at their fair value of $324 (equal to the carrying value of the assets);

iii. The net assets have been allocated as follows:

	$
Cash	425
Other current assets	1
Accounts payable and accrued liabilities	(102)
	324

4. Pro-Forma adjustments and assumptions (continued)

iv. The listing expense of $5.1 million was determined as follows:

- The number of IGC shares held by Westleaf shareholders outstanding prior to the financing is determined to be 82,330,353 common shares and 14,813,121 dilutive securities comprising 93.8% of the combined entity's fully diluted shares outstanding.
- The estimated fair value of Westleaf is $89.0 million based on the financing price of $0.85 per share.
- The number of outstanding shares of IGC prior to the Transaction and financing is determined to be 3,645,346 common shares and 2,736,633 dilutive securities comprising 6.2% of the combined entity's fully diluted shares outstanding.
- The portion of Westleaf's fair value attributed to IGC is $5.4 million calculated as 6.2% of Westleaf's fair value.
- The difference between the fair value of $5.4 million attributed to IGC and the estimated fair value of the net assets of IGC of $324 amounts to a listing expense of $5.1 million.

(j) Total transaction costs which are expected to be incurred for the reverse asset acquisition amount to $250 which includes exchange fees, professional and consulting fees.

(k) Concurrent with, or prior to the reverse takeover transaction, a brokered private placement comprising a minimum issuance of 17,648,000 Resulting Issuer shares at a price of $0.85 per share for gross proceeds of $15 million. Each common share unit includes a one-half warrant to purchase one common share at a price of $1.30 per share for a period of two years. The warrants attached to the minimum quantity of common shares units to be issued in the private placement would total 8,824,000 warrants. The total fair value of the one-half warrants using the Black Scholes valuation model amounted to $1.8 million. See Note 5 for details on the valuation.

Agent compensation amounts to a 6% gross proceeds cash commission as well as a 6% subscription receipts warrants compensation to purchase common shares at a price of $0.85 per share. Total cash commissions are estimated at $901 and the warrant commissions are estimated at 1,058,880 warrants. The total fair value of the agent warrants using the Black Scholes valuation model amounted to $337. See Note 5 for details on the valuation.

An over-allotment option also exists which provides for the placement up to an additional 15% of the number of subscription receipts issuable at a price of $0.85, exercisable at any time, for a period expiring on the earlier of: (a) thirty days after and including the closing date of the private placement offering or (b) the closing date of the proposed reverse takeover transaction discussed is Note 3 above. The pro-forma adjustments contained within the pro-forma statement as well as the note disclosure herein, do not contain this over-allotment component due to the uncertainty of the quantities that will be issued.

5. Pro-Forma share capital

(a) Authorized
Unlimited number of voting common shares without par value; and
Unlimited number of voting preferred shares without par value.

5. Pro-Forma share capital (continued)

(b) The resulting share capital will be as follows:

	Shares	Share Capital	Dilutives	Reserves
	#	$	#	$
Opening balance of IGC common shares	10,656,442	11,347	-	1,494
Opening balance of IGC warrants	-	-	7,999,999	278
Consolidation of IGC shares	(7,011,096)	-	-	-
Consolidation of IGC warrants	-	(1,558)	(5,263,366)	1,558
Eliminate opening balance equity of IGC	-	(11,347)	-	(1,772)
Issuance of IGC warrants to Westleaf warrant holders	-	(1,681)	4,713,721	1,681
Issuance of IGC RSUs to Westleaf employees and directors	-	(6,022)	7,085,000	6,022
Issuance of IGC stock options to Westleaf executives and directors	-	(1,535)	3,014,400	1,535
Westleaf shares exchanged pursuant to the Transaction	82,330,353	27,905	-	13
Listing expense	-	5,101	-	-
Share issue costs	-	(250)	-	-
Finder's cash fees	-	(174)	-	-
	85,975,699	21,786	17,549,754	10,809
Concurrent financing issuance of shares by Resulting Issuer	17,648,000	15,001	-	-
Concurrent financing issuance of warrants by Resulting Issuer [1]	-	(1,834)	8,824,000	1,834
Concurrent financing issuance of warrants by Resulting Issuer [1]	-	(337)	1,058,880	337
Finder's cash fees	-	(901)	-	-
	103,623,699	33,715	27,432,634	12,980

[1] Warrants attached to the minimum issuance quantity discussed in Note 4(k) and does not include the over-allotment component.

A reconciliation of the Westleaf shares exchanged pursuant to the transaction is as follows:

	Shares	Share Capital	Reserves
Opening balance of Westleaf common shares	54,963,000	12,162	13
Private placement closed July 24, 2018	16,000,000	8,000	-
Private placement closed September 28, 2018	5,485,000	2,743	-
Private placement closed October 2, 2018	5,882,353	5,000	-
	82,330,353	27,905	13

5. Pro-Forma share capital (continued)

(c) On completion of the Transaction, the following warrants will be outstanding:

	#
Opening balance of IGC warrants	7,999,999
Consolidation of IGC opening balance warrants	(5,263,366)
Issuance of IGC warrants to Westleaf warrant holders	4,713,721
	7,450,354
Concurrent financing issuance of warrants by Resulting Issuer [1]	8,824,000
Concurrent financing issuance of warrants by Resulting Issuer [1]	1,058,880
	17,333,234

[1] Warrants attached to the minimum issuance quantity discussed in Note 4(k) and does not include the over-allotment component.

A reconciliation of the warrant issuances to Westleaf warrant holders is as follows:

	Quantity	Exercise Price
	#	$
Exchange of Westleaf finder's warrants for IGC warrants	162,840	0.7500
Issuance of IGC performance warrants to Westleaf warrant holders	250,000	0.5000
Issuance of IGC performance warrants to Westleaf warrant holders	980,000	0.0010
Issuance of IGC warrants to Westleaf warrant holders	2,941,176	1.3000
Issuance of IGC warrants to Westleaf finder's warrant holders	204,705	0.8500
Issuance of IGC warrants to Westleaf finder's warrant holders	175,000	0.8500
	4,713,721	

The fair value of the warrants was determined using the Black Scholes valuation method as follows:

	Quantity	Expected Dividend Yield	Expected Stock Volatility	Risk-free Interest Rate	Expected Life
	#	%	%	%	Years
Warrants	162,840	0.00%	66.00%	1.77%	1.52
Warrants	250,000	0.00%	66.00%	2.30%	2.00
Warrants	980,000	0.00%	66.00%	2.30%	2.00
Warrants	2,941,176	0.00%	66.00%	2.27%	2.00
Warrants	204,705	0.00%	66.00%	2.30%	2.00
Warrants	175,000	0.00%	66.00%	2.30%	2.00
Warrants	2,736,633	0.00%	66.00%	1.81%	0.54
Warrants	1,058,880	0.00%	66.00%	2.30%	2.00
Warrants	8,824,000	0.00%	66.00%	2.30%	2.00
	17,333,234				

5. Pro-Forma share capital (continued)

(d) On completion of the Transaction, the following stock options will be outstanding:

	#
Issuance of IGC stock options to Westleaf executives and directors	3,014,400
	3,014,400

The fair value of the stock options was determined using the Black Scholes valuation method as follows:

	Quantity	Expected Dividend Yield	Expected Stock Volatility	Risk-free Interest Rate
	#	%	%	%
Stock options	3,014,400	0.00%	66.00%	2.31%
	3,014,400			

(e) On completion of the Transaction, the following restricted stock units ("RSUs") will be outstanding:

	#
Issuance of IGC restricted stock units to Westleaf employees and directors	7,085,000
	7,085,000

The fair value of the RSUs was determined using the Black Scholes valuation method as follows:

	Quantity	Expected Dividend Yield	Expected Stock Volatility	Risk-free Interest Rate
	#	%	%	%
Restricted stock units	7,085,000	0.00%	66.00%	2.32%
	7,085,000			

6. Taxes

As at the date of the pro-forma statement, the Resulting Issuer is not expected to pay tax.

AUDITORS' CONSENT – BUCKLEY DODDS LLP (AS AUDITORS OF IGC RESOURCES INC.)

(See Attached)

BUCKLEY DODDS LLP

Chartered Professional Accountants

Suite 1140 - 1185 West Georgia Street
Vancouver, B.C. Canada V6E 4E6
Telephone: (604) 688-7227
Fax: (604) 681-7716

November 29, 2018

TSX Venture Exchange
650 W Georgia St.
Vancouver BC V6B 4N9

Dear Sirs / Mesdames:

Re: IGC Resources Inc.
Auditor's consent

We refer to the filing statement of IGC Resources Inc. dated November 29, 2018 in respect of the Reverse Takeover pursuant to Policy 5.2 of the TSX Venture Exchange of IGC Resources Inc. with Westleaf Cannabis Inc.

We consent to being named and to the use, in the above-mentioned filing statement, of our report dated November 15, 2018 to the shareholders of IGC Resources Inc. on the following financial statements:

- Statements of financial position as at July 31, 2018 and 2017;
- Statements of changes in shareholders' equity (deficit), loss and comprehensive loss, and cash flows for the years ended July 31, 2018 and 2017, and a summary of significant accounting policies and other explanatory information.

We report that we have read the filing statement and all information specifically incorporated by reference therein and have no reason to believe that there are any misrepresentations in the information contained therein that are derived from the financial statements upon which we have reported or that are within our knowledge as a result of our audit of such financial statements. We have complied with Canadian generally accepted standards for an auditor's consent to the use of a report of the auditor included in an offering document, which does not constitute an audit or review of the filing statement as these terms are described in the CPA Canada Handbook – Assurance.

This letter is provided solely for the purpose of assisting the stock exchange to which it is addressed in discharging its responsibilities and should not be used for any other purpose.

Sincerely,

Buckley Dodds LLP

AUDITORS' CONSENT – MNP LLP (AS AUDITORS OF WESTLEAF)

(See Attached)

November 30, 2018

TSX Venture Exchange

Dear Sir:

Re: Westleaf Cannabis Inc.

We refer to the Filing Statement of *IGC Resources Inc. ("IGC") in respect of the reverse takeover of IGC by* Westleaf Cannabis Inc. (the "Company") dated November 30, 2018.

We consent to being named and to the use in the above-mentioned Filing Statement, of our report dated August 29, 2018, to the Shareholders of the Company on the following financial statements:

a. Statements of financial position as at December 31, 2017*;* and,
b. Statements of comprehensive loss, changes in equity and cash flows and the notes to the financial statements for the period from incorporation on August 22, 2017 to December 31, 2017.

We report that we have read the Filing Statement and all information specifically incorporated therein and have no reason to believe that there are any misrepresentations in the information contained therein that are derived from the financial statements upon which we have reported or that are within our knowledge as a result of our audit of such financial statements. We have complied with Canadian generally accepted standards for an auditor's consent to the use of a report of the auditor included in an offering document, which does not constitute an audit or review of the Filing Statement as these terms are described in the CPA Canada Handbook – Assurance.

This letter is provided solely for the purpose of assisting the stock exchange to which it is addressed in discharging its responsibilities and should not be used for any other purpose.

Sincerely,

MNP LLP

MNP LLP

ACKNOWLEDGMENT OF PERSONAL INFORMATION

ACKNOWLEDGEMENT – PERSONAL INFORMATION

"Personal Information" means any information about an identifiable individual, and includes information contained in any Items in the attached filing statement that are analogous to Items 4.2, 11, 13.1, 16, 18.2, 19.2, 24, 25, 27, 32.3, 33, 34, 35, 36, 37, 38, 39, 41 and 42 of Form 3D2 of the TSX Venture Exchange Inc. Corporate Finance Manual entitled "*Information Required in a Filing Statement for a Reverse Takeover or Change of Business*" ("**Form 3D2**"), as applicable. The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

(a) the disclosure of Personal Information by the undersigned to the Exchange (as defined in Appendix 6B of the TSX Venture Exchange Inc. Corporate Finance Manual entitled "*Acknowledgement – Personal Information*") pursuant to Form 3D2; and

(b) the collection, use and disclosure of Personal Information by the Exchange for the purposes described in Appendix 6B of the TSX Venture Exchange Inc. Corporate Finance Manual entitled "*Acknowledgement – Personal Information*" or as otherwise identified by the Exchange, from time to time.

DATED this 29th day of November, 2018.

IGC RESOURCES INC.

Per: "*Jacqueline M. Tucker*"
Authorized Signatory

ACKNOWLEDGEMENT – PERSONAL INFORMATION

"Personal Information" means any information about an identifiable individual, and includes information contained in any Items in the attached filing statement that are analogous to Items 4.2, 11, 13.1, 16, 18.2, 19.2, 24, 25, 27, 32.3, 33, 34, 35, 36, 37, 38, 39, 41 and 42 of Form 3D2 of the TSX Venture Exchange Inc. Corporate Finance Manual entitled "*Information Required in a Filing Statement for a Reverse Takeover or Change of Business*" ("**Form 3D2**"), as applicable. The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

(a) the disclosure of Personal Information by the undersigned to the Exchange (as defined in Appendix 6B of the TSX Venture Exchange Inc. Corporate Finance Manual entitled "*Acknowledgement – Personal Information*") pursuant to Form 3D2; and

(b) the collection, use and disclosure of Personal Information by the Exchange for the purposes described in Appendix 6B of the TSX Venture Exchange Inc. Corporate Finance Manual entitled "*Acknowledgement – Personal Information*" or as otherwise identified by the Exchange, from time to time.

DATED this 29th day of November, 2018.

WESTLEAF CANNABIS INC.

Per: "*Scott Hurd*"
Authorized Signatory

CERTIFICATE OF IGC RESOURCES INC.

Dated: November 29, 2018

The foregoing document constitutes full, true and plain disclosure of all material facts relating to the securities of IGC Resources Inc. assuming completion of the Transaction.

"*Jacqueline M. Tucker*"
Jacqueline M. Tucker
Interim Chief Executive Officer and Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

"*Scott Hurd*"
Scott Hurd
Director

"*Robb McNaughton*"
Robb McNaughton
Director

CERTIFICATE OF WESTLEAF CANNABIS INC.

Dated: November 29, 2018

The foregoing document as it relates to Westleaf Cannabis Inc. constitutes full, true and plain disclosure of all material facts relating to the securities of Westleaf Cannabis Inc.

"*Scott Hurd*"
Scott Hurd
President & Chief Executive Officer

"*Taylor Ethans*"
Taylor Ethans
Chief Financial Officer, Head of Mergers and Acquisitions, and Corporate Secretary

ON BEHALF OF THE BOARD OF DIRECTORS

"*Stephen Mason*"
Stephen Mason
Director

"*Robb McNaughton*"
Robb McNaughton
Director