RMMI CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

AS AT AND FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018

The following is Management's Discussion and Analysis ("**MD&A**") of the financial results of RMMI Corp. ("**RMMI**" or the "**Company**") for the three and nine months ended September 30, 2018. This MD&A should be read in conjunction with: (i) the unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2018; and (ii) the audited financial statements of Rocky Mountain Marijuana Inc. for the year ended December 31, 2017 and the period from incorporation on December 13, 2016 to December 31, 2016. The unaudited condensed financial statements were prepared in accordance with International Accounting Standards ("**IAS**") 34, *Interim Financial Reporting*. Unless otherwise noted, all financial measures are expressed in Canadian dollars. This MD&A is based on information available as of November 22, 2018 and was reviewed and approved by the board of directors of RMMI on November 22, 2018.

On April 1, 2018, the Company issued 11,779,700 common shares of RMMI Corp. in exchange for all of the issued and outstanding shares (the "**Transaction**") of Rocky Mountain Marijuana Inc. For accounting purposes, the Transaction was treated as a reverse acquisition with Rocky Mountain Marijuana Inc. being the accounting acquirer. Therefore, the Company's historical financial statements reflect those of Rocky Mountain Marijuana Inc. Prior to the Transaction, RMMI was a newly incorporated company with no business operations.

On October 19, 2017, the Company completed a 5 for 1 consolidation of all of its issued and outstanding securities. As such, all share, option and warrant numbers and all per share amounts in this MD&A are presented on a post-share consolidation basis.

On September 24, 2018, RMMI completed its initial public offering and commenced its listing on the Canadian Securities Exchange ("**CSE**" or the "**Exchange**") under the symbol "RMMI" on September 25, 2018.

Forward Looking Statements

Certain statements contained in this MD&A constitute "forward-looking statements" or "forward-looking information" within the meaning of the applicable securities legislation (collectively, "**forward-looking statements**"). These statements relate to management's expectations about future events, results of operations and the Company's future performance (both operational and financial) and business prospects. All statements other than statements of historical fact are forward-looking statements. Forward-looking statements can be identified by words such as: "anticipate," "intend," "contemplate," "continue," "propose," "predict," "plan," "goal," "seek," "believe," "project," "forecast," "pursue," "potential," "objective," "estimate," "expect," "strategy," "future," "likely," "might," "may," "shall," "should," "could," "will," "capable," and similar references to future periods. These 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. No assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon. Unless otherwise indicated, these statements speak only as of the date of this MD&A. In addition, this MD&A may contain forward-looking statements and forward-looking information attributed to third-party industry sources.

In particular, this MD&A contains the following forward-looking statements pertaining to, without limitation, the following: the financial statements of the Company upon receipt of a licence to produce medical marijuana; development of the RMMI Property (as defined herein); changes in general and administrative expenses; future business operations and activities and the timing thereof; the future tax liability of the Company; the estimated future contractual obligations of the Company; the future liquidity and financial capacity of the Company; and its ability to fund its working capital and forecasted capital expenditures.

With respect to the forward-looking statements contained in this MD&A, the Company has made assumptions regarding: obtaining necessary regulatory approvals from Health Canada and other governmental authorities; the ability to raise capital; the continued availability of capital; the ability to obtain financing on acceptable terms; RMMI's ability to successfully execute its plans and intentions; and the continuation of the current tax and regulation.

We believe the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward looking statements included in, or incorporated by reference into, this MD&A should not be unduly relied upon. These statements speak only as of the date of this MD&A. The actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors. For a detailed discussion of the risk factors, please see heading "*Risk Factors*" included in the Company's amended and restated prospectus dated June 26, 2018.

Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements contained in this MD&A and the documents incorporated by reference herein are expressly qualified by this cautionary statement. The forward-looking statements contained in this document speak only as of the date of this document and the Company does not assume any obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable securities laws.

Overview

The Company was incorporated under the *Business Corporations Act (Alberta)*, on December 13, 2016. The Company's registered office is located at 1050, 639 – 5th Avenue SW, Calgary, Alberta, T2P 0M9. RMMI completed its initial public offering on September 24, 2018 and commenced its listing on the CSE under the symbol "RMMI" on September 25, 2018.

On September 14, 2017, Rocky Mountain Marijuana Inc. ("**Rocky Mountain**") applied to Health Canada to become a licensed producer of cannabis under the *Health Canada's Access to Cannabis for Medical Purposes Regulations* ("**ACMPR**"). With the enactment of the *Cannabis Act* (Canada) (**"Cannabis Act"**) effective October 17, 2019, Rocky Mountain has transitioned its application from the ACMPR to the Cannabis Act. As at the date of this MD&A, RMMI is in the detailed review and security clearance stage of the Cannabis Act application process, it owns a facility in Newell County, Alberta (the "**RMMI Property**") which it plans to retrofit into its cannabis cultivation facility if it becomes a licensed producer, and is advancing its Cannabis Act application to receipt of a licence to produce and licence to sell cannabis.

Overall Performance

Selected Information

The following table provides a brief summary of the Company's financial operations. For more detailed information, refer to the Company's financial statements.

	As at and for the three-month periods ended Sept. 30		**As at and for the nine-month periods ended Sept. 30**	
	2018	**2017**	**2018**	**2017**
Revenue	$NIL	$NIL	$NIL	$NIL
Net loss and comprehensive loss	$299,593	$140,274	$903,133	$370,413
Basic and diluted loss per share	$0.03	$0.02	$0.08	$0.06
Total assets	$8,112,170	$1,249,382	$8,112,170	$1,249,382
Total long-term liabilities	$NIL	$NIL	$NIL	$NIL
Working capital	$6,278,000	$1,212,487	$6,278,000	$1,212,487
Shareholders' equity	$7,841,803	$1,212,487	$7,841,803	$1,212,487

To date, the Company has not generated any revenue. The Company's financial success will be dependent on several factors, including its ability to become a licensed producer of cannabis under the Cannabis Act.

For the three and nine months ended September 30, 2018, the Company had no revenue and reported a net loss and total comprehensive loss of $299,593 and $931,133, respectively, with basic and diluted loss per common share of $0.03 and $0.08, respectively. In comparison, in the three and nine months ended September 30, 2017, the Company had no revenue and reported net loss and total comprehensive loss of $157,274 and $370,413, respectively, with basic and diluted loss per common share of $0.02 and $0.06, respectively. The net loss can be attributed to higher general and administrative expenses in 2018 when the Company was more active and had more employees than in the comparative period in 2017.

As at September 30, 2018, the Company had an accumulated deficit of $1,461,844. As at September 30, 2018, the Company has working capital of $6,278,000, including cash of $6,473,964. The Company is well capitalized to execute its near-term business plan to progress its Cannabis Act application and prepare its RMMI Property for development into its production facility.

Outlook

In 2018, the Company plans to advance its business plan of becoming a licensed producer of marijuana under the Cannabis Act. Priorities include: development of its cultivation facility at the RMMI Property, selecting and installing cultivation and processing equipment, receiving a producer licence, hiring staff and cultivating and selling marijuana. The Company is well capitalized to fund the execution of its business plan.

Results of Operations

Revenue

RMMI is a development stage company and commencement of operations depends on the granting of a production licence by Health Canada. As such, RMMI has not earned any revenue.

General and Administration Expenses

RMMI's general and administration expenses for the three and nine-month periods ended September 30, 2018 were $241,683 and $646,293, respectively, compared to $140,274 and $301,413, respectively, in the 2017 periods.

	For the three-month periods ended Sept. 30		**For the nine-month periods ended Sept. 30**	
	2018	**2017**	**2018**	**2017**
Salaries, fees and employee benefit expenses for employees and consultants to oversee the affairs of the Company	$176,887	$65,873	$420,431	$191,050
Legal, auditor and other professional fees and services	$1,393	$41,950	$63,335	$68,263
Other general and administrative expenses	$63,403	$32,451	$165,527	$42,100

The increase in these major expense categories between the three and nine-month periods ended September 30, 2018 and September 30, 2017 are as a result of:

- Generally, a higher level of activity in the 2018 period as the Company was building up its operations in the comparable 2017 period;
- The Company increased its staff throughout 2018 to three full-time employees and two part-time employees at September 30, 2018 compared to one full-time employee and two part-time consultants in the comparable 2017 period;

- The Company incurred legal fees in the 2018 period for an annual general and special meeting and for its corporate reorganization that was completed on April 1, 2018 during the 2018 period; and did not have these activities in the 2017 comparable period;

- The Company incurred professional fees in the three-month period ended September 30, 2017 period related to its licenced producer application under the ACMPR; and did not have these activities in the 2018 comparable period; and

- The Company engaged an auditor to review its financial statements for the three months ended March 31, 2018 and did not perform a third-party review of its financial statements in the comparable period.

As the Company progresses its Cannabis Act application, develops its cultivation facility, increases the number of staff to execute its business plan and structures its activities to prepare for marijuana production and sales operations, total general and administrative expenses are expected to increase for the remaining three months of 2018.

Share-based Compensation

	For the three-month periods ended Sept. 30		**For the nine-month periods ended Sept. 30**	
	2018	**2017**	**2018**	**2017**
Non-cash share-based compensation expense	$52,500	$17,000	$250,465	$69,000

For the three and nine-month periods ended September 30, 2018, the Company issued NIL and 510,000 options, respectively, to certain employees, directors and consultants of the Company. Each option allows the holder thereof to purchase one common share in the capital of the Company at an exercise price of $1.00 for a period of five years. The options vest evenly over three years starting from the date of grant and 25% on each anniversary date thereafter. The Black-Scholes option mode was used in calculating the fair value of the options with a risk-free interest rate of 2.00%, volatility of 130%, and no dividend yield. The share-based compensation expense recognized during the three and nine months ended September 30, 2018 was $52,500 and $250,465, respectively.

For the three and nine-month periods ended September 30, 2017, the Company issued NIL and 620,000 options, respectively, to employees, directors and consultants of the Company. Each option allows the holder thereof to purchase one common share in the capital of the Company at an exercise price of $0.25 for a period of five years. The options vest evenly over three years starting from the date of grant and 25% on each anniversary date thereafter. The Black-Scholes option mode was used in calculating the fair value of the options with a risk-free interest rate of 1.12%, volatility of 160%, and no dividend yield. The share-based compensation expense recognized during the three and nine months ended September 30, 2017 was $17,000 and $69,000, respectively.

The increase in share-based compensation expense in the 2018 periods compared to the 2017 periods is due to a higher number of options outstanding and a higher fair value calculated for the 2018 option grant, resulting from a higher RMMI share price assumption.

Liquidity and Capital Resources

For the nine-month period ended September 30, 2018, RMMI's cash flow used in operating activities was $630,033.

For the nine-month period ended September 30, 2018, RMMI's investing activities used cash of $1,328,756. This cash was used to complete the purchase of the RMMI Property which closed on January 15, 2018, for furniture and equipment, and for design, engineering and permitting for the redevelopment of the RMMI Property.

For the nine-month period ended September 30, 2018, RMMI's cash flow from financing activities were $6,041,264 from the issuance of share capital net of cash share issuance costs.

At September 30, 2018, the Company had working capital of $6,278,000, including cash of $6,473,964, and no debt.

The Company expects to spend approximately $5 million in capital expenditures to develop the RMMI Property and acquire and install production equipment. The Company will use existing working capital to fund the expected capital expenditures.

Quarterly Results

	Q3 2018	**Q2 2018**	**Q1 2018**	**Q4 2017**	**Q3 2017**	**Q2 2017**	**Q1 2017**	**As at or for the period from incorporation on December 13, 2016 to December 31, 2016**
Revenue	$NIL	$NIL	$NIL	$NIL	$NIL	$NIL	$NIL	$NIL
Net loss	$299,593	$295,612	$319,928	$188,298	$157,274	$99,482	$113,657	$NIL
Basic and diluted loss per share	$0.003	$0.03	$0.03	$0.03	$0.02	$0.01	$0.02	$NIL
Total assets	$8,112,170	$4,921,138	$4,855,326	$2,560,666	$1,249,382	$1,362,123	$1,465,944	$788,680
Total long-term liabilities	$NIL	$NIL	$NIL	$NIL	$NIL	$NIL	$NIL	$NIL
Working capital	$6,278,000	$3,263,486	$3,729,414	$2,354,457	$1,212,487	$1,352,761	$1,423,243	$788,680
Shareholders' equity	$7,841,803	$4,545,828	$4,781,036	$2,479,457	$1,212,487	$1,352,761	$1,423,243	$788,680

Summary of quarterly results:

- In Q3 2018, the Company completed its initial public offering ("**IPO**") and commenced its listing on the CSE under the symbol "RMMI". The Company issued 1,765,500 common shares for gross proceeds of $4,414,250. As partial compensation, 141,256 broker warrants were issued. The fair value of the broker warrants was recorded to share issue costs. The Company also paid cash commissions of $353,140 and other costs of $518,042 which were recorded as share issues costs. The gross proceeds of the IPO, less the cash share issue costs, was the primary reason for the increase in the Company's total assets, working capital and shareholders' equity.

- In Q2 2018, the Company filed an amended and restated prospectus with the securities regulatory authorities in the provinces of Alberta, British Columbia, and Ontario to offer 1,700,000 to 3,500,000 Common Shares at $2.50 per share to the public for total estimated proceeds of $4,250,000 to $8,750,000 (before transaction costs). At June 30, 2018, deferred financing costs of $375,396, consisting of professional fees, agency fees and other expenses were incurred for the Company's IPO. They have been charged against share capital upon the completion of the Company's IPO.

- In Q1 2018, the Company issued 2,498,428 at $1.00 per common share for gross proceeds of $2,498,428 which resulted in an increase in shareholders' equity and total assets.

- In Q1 2018, the Company closed the purchase of the RMMI Property for $1,025,000 (including $125,000 of deposits already paid at December 31, 2017 and recorded in deposits at December 31, 2017) and incurred other directly attributable costs amounting to $12,000.

- In Q1 2018, the Company's non-cash share-based compensation expense increased to $140,300 due to a grant of options that had a higher Black-Scholes value due to the Company's higher share price.

- In Q4 2017, the Company's warrant holders exercised 2,238,272 warrants for gross proceeds of $1,446,568 which resulted in an increase in shareholder's equity and total assets.

- In Q3 and Q4 2017, the Company incurred expenses related to its licensed producer application to Health Canada pursuant to the ACMPR.

- In Q1 2017, the Company issued 4,072,000 common shares and 2,036,000 warrants for gross proceeds of $1,030,000 (including $275,000 of subscriptions received in advance at December 31, 2016) which resulted in an increase in shareholders' equity and total assets.

- From incorporation on December 13, 2016 to December 31, 2016, the Company issued 2,616,000 common shares and 1,108,000 warrants for gross proceeds of $558,000 which resulting in an increase in shareholders' equity. $275,000 of subscriptions received in advance contributed to the increase in cash and shareholders' equity during this period.

- During each quarter in 2017, the Company reported net losses from the incurrence of general and administrative expenses and share based compensation expense in execution of its short-term business plan to obtain a Health Canada licence to produce medical cannabis.

Related Party Transactions

Related party transactions are incurred during the normal course of operations on similar terms and conditions to those entered into with unrelated parties.

The following is a summary of transactions with directors and officers, and companies controlled by directors of the Company. The amounts are measured at the exchange amount which is the fair value of the transactions.

Transactions with related parties during the nine months ended September 30:

	2018	2017
Legal fees paid or payable to a firm at which a director of the Company is a partner	$368,232	$34,066
Fair value of common shares issued to a company controlled by Eugene Chen, a director of the Company, for services rendered	$NIL	$9,333
Fair value of broker warrants issued to two companies controlled by Earl Connors and Eugene Chen, directors of the Company, for financial advisory services related to the private placement of units	$NIL	$15,871

At September 30, 2018, $58,300 was owing to the law firm at which a director of the Company is a partner. This amount is recorded in accounts payable and accrued liabilities.

During the three months ended March 31, 2018, the Company collected $26,250 that was due from two entities controlled by directors of the Company relating to the exercise of broker warrants, which were recorded in prepaid expenses and other current assets as at December 31, 2017.

Outstanding Share Data

The Company is authorized to issue an unlimited number of voting common shares with no par value.

On December 22, 2016, the Company issued 400,000 common shares for gross proceeds of $4,000.

In a series of closings from December 30, 2016 to April 24, 2017, the Company completed a private placement for total proceeds of $1,597,000 at a price of $0.25 per unit. A unit consisted of one common share in RMMI and one-half warrant with an exercise price of $0.75 with a one-year term. Total common shares of 6,388,000 and 3,194,000 warrants were issued. As partial compensation, 541,800 broker warrants were issued with an exercise price of $0.25 and June 30, 2017 expiry (subsequently extended to June 30, 2018). The Company paid cash commissions of $72,960 and other costs of $14,140. In addition, 45,000 common shares with fair value of $9,333 were issued to a financial advisor in relation to the completion of the private placement and recorded as a share issue cost.

On December 28, 2017, a number of warrants were exercised under an early exercise incentive program. Under this program, warrant holders were issued one new warrant (the "**New Warrants**") for each exercised warrant. As a result of this program, 1,774,000 warrants for exercised for gross proceeds of $1,330,500 and 1,774,000 New Warrants were issued. The New Warrants have an exercise price of $1.25 and expire June 30, 2019.

On December 28, 2017, 464,272 broker warrants were exercised for gross proceeds of $116,068.

At December 31, 2017, the Company had 9,071,272 common shares issued and outstanding.

In two closings on January 19, 2018 and February 7, 2018, the Company completed a private placement for total proceeds of $2,498,428 at a price of $1.00 per common share. Total common shares of 2,498,428 were issued. As partial compensation, 169,290 broker warrants were issued with an exercise price of $1.00 and an expiry date of May 30, 2018. The Company also paid cash commissions of $181,382 and other costs of $5,339 which were recorded as share issues costs. On May 8, 2018, the $1.00 broker warrant expiry was extended to March 31, 2019.

On January 31, 2018, 100,000 warrants were exercised at $0.75 per share for gross proceeds of $75,000. 100,000 common shares and 100,000 New Warrants were issued.

On March 3, 2018, 110,000 warrants were exercised at $0.75 per share for gross proceeds of $82,500.

On June 29, 2018, 3,528 broker warrants were exercised at $0.25 per share for gross proceeds of $3,175.

From December 30, 2017 to April 24, 2018, 1,210,000 warrants expired.

On June 30, 2018, 74,000 broker warrants expired.

On September 24, 2018, the Company completed an initial public offering of common shares and became listed for trading on the CSE on September 25, 2018. The Company issued 1,765,700 common shares for total gross proceeds of $4,414,250. As partial compensation, 141,256 broker warrants were issued with an exercise price of $2.50 and September 24, 2020 expiry. The fair value of the broker warrants was recorded to share issue costs. The Company also paid cash commissions of $353,140 and other costs of $518,042 which were recorded as share issues costs.

At the date of this MD&A, the Company has 13,548,928 common shares issued and outstanding, 2,184,546 warrants and 1,110,000 options outstanding.

Contractual Obligations

The Company is party to a lease agreement dated March 23, 2018 for the rental of its office space commencing March 26, 2018 until June 30, 2020. The Company occupied this office space April 1, 2018. The base annual rent for the lease agreement is approximately $25,500 per annum plus operating costs and parking.

The following table summarizes the Company's expected commitment for the office lease:

	2018	2019	2020	Total
Office lease	$20,798	78,342	36,747	$135,887

Construction agreement

On June 1, 2018, RMMI entered into a standard cost-plus agreement with a construction manager (the "**Construction Management Contract**") to renovate the RMMI Property. The Construction Management Contract follows the CCDC 5B – Construction Management Contract – for Services and Construction (2010), a standard form contract maintained by the Canadian Construction Documents Committee (CCDC). Pursuant to the Construction Management Contract, a construction manager will provide pre-construction advisory services to RMMI, as the owner of the RMMI Property, and then undertake the construction. The construction manager's fee consists of two components: (i) the fee for the price of the initial services; and (ii) the fee for the work, which is set at 5% a percentage of the cost of the work. The cost of the work includes the cost of project management services and design and consulting work and services. At September 30, 2018, the final budget for the Construction Management Contract had not been finalized. RMMI may terminate the contract at any time without penalty by paying all committed costs and fees.

Capital Expenditures

In January 2018, the Company acquired land and buildings in Newall County, Alberta for $1,025,000 (including $125,000 of deposits already paid at December 31, 2017 and recorded in deposits at December 31, 2017) and incurred other directly attributable costs amounting to $9,556. The purchase price was allocated to land and buildings based on a third-party appraisal report. The buildings include two warehouse facilities which are expected to be retrofitted as the Company's cannabis production facilities. A portion of the smaller of the two warehouse facilities has been used for the Company's hemp cultivation testing program. In the nine months ended September 30, 2018, the Company incurred $484,289 of expenses related to the retrofit of the Newell property. These expenses primarily relate to design, engineering, planning, permits and project management. The majority of the buildings & improvements are not considered available for use and are not subject to depreciation. The portion of the building and improvements related to the hemp cultivation program is subject to depreciation.

In the nine months ended September 30, 2018, the Company purchased and made deposits for furniture and equipment of $51,333 for the Newell property and for head office.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Recent Accounting Pronouncements

The Company has elected to adopt IFRS 16, Leases ("**IFRS 16**"), at its effective time for annual periods beginning on or after January 1, 2019. On adoption of IFRS 16, the Company will recognize lease liabilities in relation to leases under the principles of the new standard. These liabilities will be measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as of January 1, 2019. The associated rights-of-use assets will be measured at the amount equal to the lease liability on January 1, 2019 with no impact on retained earnings.

On initial adoption, the Company will use the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- The accounting of leases with a remaining lease term of less than twelve months as at January 1, 2019 as short-term leases; the accounting for lease payments as expenses on leases for which the underlying asset is of low dollar value;
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease; and
- The Company will not apply any grandfathering practical expedients.

The impact of the adoption of IFRS 16 at January 1, 2019 will be determined later in 2018.

Critical Accounting Estimates

A summary of the Company's significant accounting policies is contained in Note 2 to the December 31, 2017 and September 30, 2018 financial statements. These accounting policies are subject to estimates and key judgments about future events, many of which are beyond the Company's control. The following is a discussion of the accounting estimates that are critical to the financial statements.

i. 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 income 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.

ii. Share-based compensation and warrants

The fair value of stock options granted and warrants issued are recognized using the Black-Scholes option pricing model. Measurement inputs include the Company's share price on the measurement date, the exercise price of the options and warrants, the expected volatility of comparable companies, the expected life of the options, expected dividends and the risk-free rate of return. The Company estimates volatility based on historical volatilities of peer companies that are publicly traded. The expected life of the options and warrants is based on the terms of the options and warrants. Dividends are not factored in as the Company does not expect to pay dividends in the foreseeable future. Management also makes an estimate of the number of options that will be forfeited and the rate is adjusted to reflect the actual number of options that actually vest.

iii. Useful lives of property and equipment

The Company estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of property and equipment are based on internal evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property and equipment would increase the recorded expenses and decrease the non-current assets.

Financial Instruments

The Company holds various forms of financial instruments. The nature of these instruments and the Company's operations expose the Company to credit risks, market risks and liquidity risks. The Company manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical. At September 30, 2018, the Company's financial instruments consist of cash and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values due to the relatively short-term maturity of these instruments.

Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfil its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash and cash equivalents. All of the Company's cash is held at one financial institution, which is a Canadian Chartered Bank. Management believes that the risk of loss is minimal, but the Company is subject to concentration of credit risk.

The Company has a GST receivable outstanding with the Canada Revenue Agency ("**CRA**") for $48,599. The Company deems CRA to be creditworthy and collection of the receivable will occur.

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 currently settles its financial obligations with cash. As at September 30, 2018, the Company's financial liabilities consist of accounts payable and accrued liabilities. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. There have been no changes in the Company's strategy with respect to credit/liquidity risk in the period.