

DOJA CANNABIS COMPANY LIMITED
(formerly SG Spirit Gold Inc.)

LISTING STATEMENT
FORM 2A

JULY 31, 2017

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Cautionary Note Regarding Forward-Looking Statements

The information provided in this Listing Statement, including information incorporated by reference, may contain "forward-looking statements" about SG Spirit Gold Inc. (the "**Corporation**") and Northern Lights Marijuana Company Limited ("**DOJA**"). In addition, the Corporation may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Corporation or DOJA that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by the Corporation or DOJA that address activities, events or developments that the Corporation expects or anticipates will or may occur in the future are forward- looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words.

Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments. These statements speak only as at the date they are made and are based on information currently available and on the then current expectations of the party making the statement and assumptions concerning future events, which are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such forward-looking statements, including, but not limited to, risks and uncertainties related to:

- the regulation of the medical marijuana industry in Canada;
- the availability of financing opportunities, risks associated with economic conditions, dependence on management and conflicts of interest; and
- other risks described in this Listing Statement and described from time to time in documents filed by the Corporation with Canadian securities regulatory authorities.

The forward-looking statements contained herein are based on certain key expectations and assumptions, including: (i) expectations and assumptions concerning timing of receipt of required shareholder and regulatory approvals, including with respect to the receipt of required licenses and third party consents, if any; and (ii) expectations and assumptions concerning the success of the operations of the Corporation.

With respect to the forward-looking statements contained herein, although the Corporation and DOJA believe that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements, because no assurance can be given that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to: the availability of sources of income to generate cash flow and revenue; the dependence on management and directors; risks relating to the receipt of the required licenses, risks relating to federal and provincial regulations applicable to the production and sale of marijuana, risks relating to additional funding requirements; due diligence risks; exchange rate risks; risks relating to non-controlling interests; potential conflicts of interest; and potential transaction and legal risks, as more particularly described under the heading "Risk Factors" in this Listing Statement.

Consequently, all forward-looking statements made in this Listing Statement and other documents of the Corporation or DOJA, as applicable, are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects on the Corporation and DOJA. The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that the Corporation, DOJA and/or persons acting on their behalf may issue. Neither the Corporation nor DOJA undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required under securities legislation.

Market and Industry Data

This Listing Statement includes market and industry data that has been obtained from third party sources, including industry publications. The Corporation believes that its industry data is accurate and that its estimates and assumptions are reasonable, but there is no assurance as to the accuracy or completeness of this data. Third party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there is no assurance as to the accuracy or completeness of included information. Although the data is believed to be reliable, the Corporation has not independently verified any of the data from third party sources referred to in this Listing Statement or ascertained the underlying economic assumptions relied upon by such sources.

Glossary of Terms

The following is a glossary of certain general terms used in this Listing Statement including the summary hereof. Terms and abbreviations used in the financial statements included in, or appended to this Listing Statement are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated. Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders.

"**ACMPR**" means the *Access to Cannabis for Medical Purposes Regulations* (Canada) pursuant to the *Controlled Drugs and Substances Act* (Canada);

"**Acquireco**" means NLMCO Acquisition Corp., a wholly-owned subsidiary of the Corporation incorporated under the BCBCA for the purpose of carrying out the Amalgamation.

"**Affiliate**" means a corporation that is affiliated with another corporation as described below. A corporation is an "**Affiliate**" of another corporation if:

- a) one of them is the subsidiary of the other; or
- b) each of them is controlled by the same Person.

A corporation is "**controlled**" by a Person if:

- a) voting securities of the corporation 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 corporation.

A Person beneficially owns securities that are beneficially owned by:

- a) a corporation controlled by that Person; or
- b) an Affiliate of that Person or an Affiliate of any corporation controlled by that Person.

"**Amalco**" means "DOJA Cannabis Ltd", the entity formed upon completion of the Amalgamation, which will be a wholly-owned subsidiary of the Resulting Issuer.

"**Amalgamation Agreement**" means the agreement entered into between the Corporation, Acquireco, and DOJA in respect of the Amalgamation, dated February 10, 2017, as amended from time to time.

"**Amalgamation**" means the amalgamation of Acquireco and DOJA.

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

- (a) an issuer of which the Person 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;
- (c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which a Person serves as trustee or in a similar capacity; or
- (d) in the case of a Person who is an individual:
 - (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.

"**BCBCA**" means the *Business Corporations Act* (British Columbia).

"**Change of Business**" means the change of business of the Corporation from mining activities to the medical marijuana industry.

"**Commissions**" means the Ontario Securities Commission, the Alberta Securities Commission and the British Columbia Securities Commission.

"**Common Shares**" means the issued and outstanding common shares in the capital of the Corporation as presently constituted.

"**Consideration Options**" means the incentive stock options to be issued by the Corporation to holders of DOJA Options pursuant to the terms of the Amalgamation Agreement, and which shall entitle the holder thereof to purchase, subject to adjustment, one Common Share at a price of \$0.42 per Common Share, on substantially the same terms as the DOJA Options.

"**Consideration Warrants**" means the common share purchase warrants to be issued by the Corporation to holders of DOJA Warrants pursuant to the terms of the Amalgamation Agreement, and which shall entitle the holder thereof to purchase, subject to adjustment, one Common Share at a price of \$0.25 per Common Share, on substantially the same terms as the DOJA Warrants.

"**Consolidation**" means the consolidation of the Common Shares on a three (old) for one (new) basis.

"**Corporation**" means SG Spirit Gold Inc., a corporation continued under the BCBCA.

"**Corporation's Board of Directors**" means the board of directors of the Corporation.

"**CSE**" means the Canadian Securities Exchange.

"**CSE Approval**" means the final approval of the CSE in respect of the listing of the Corporation's Common Shares on the CSE following completion of the Amalgamation, as evidenced by the issuance of the final approval bulletin of the CSE in respect thereof.

"CSE Policies" means the rules and policies of the CSE in effect as of the date hereof.

"DOJA" means Northern Lights Marijuana Company Limited, a corporation incorporated under the BCBCA. On February 27, 2017, the shareholders of Northern Lights Marijuana Company Limited approved a change of the company's name, which change is anticipated to occur concurrently with the closing of the Amalgamation.

"DOJA's Board of Directors" means the board of directors of DOJA.

"DOJA Options" means the incentive stock options of DOJA.

"DOJA Performance Warrants" means the performance warrants of DOJA issued to certain directors, officers and employees of DOJA from time to time;

"DOJA Shareholders" means the holders of DOJA Shares.

"DOJA Shares" means the issued and outstanding class "A" voting common shares without par value in the capital of DOJA.

"DOJA Warrants" means the outstanding common share purchase warrants of DOJA, each of which entitles the holder thereof to purchase, subject to adjustment, one DOJA Share at a price of \$0.45 per Common Share until February 17, 2019.

"Escrow Agent" means CST Trust Company.

"Escrow Agreement" means the escrow agreement to be entered into by the Corporation, the Escrow Agent and certain securityholders of the Corporation in compliance with the requirements of the CSE.

"Escrowed Securities" means the Common Shares that will be subject to the Escrow Agreement upon completion of the Amalgamation.

"Facility" means DOJA's proposed facility for the purposes of receiving a License under the ACMPR.

"License" means a license from Health Canada designating that pursuant to the ACMPR DOJA is a "Licensed Producer".

"Licensed Producer" has the meaning ascribed to such term in the ACMPR.

"Listing Statement" means this listing statement of the Corporation, including the schedules hereto, prepared in support of the listing of the Common Shares on the CSE.

"MMPR" means the *Marijuana for Medical Purposes Regulations* (Canada) pursuant to the *Controlled Drugs and Substances Act* (Canada).

"Name Change" means the change of the Corporation's name from "SG Spirit Gold Inc." to "DOJA Cannabis Company Limited".

"**NP 46-201**" means National Policy 46-201 – *Escrow for Initial Public Offerings*.

"**Person**" means any individual, corporation, company, partnership, unincorporated association, trust, joint venture, governmental body or any other legal entity whatsoever.

"**Resulting Issuer**" means the Corporation following completion of the Amalgamation.

"**Shareholders**" means shareholders of the Corporation.

"**Warrants**" mean the outstanding common share purchase warrants of the Corporation, each of which entitles the holder thereof to purchase, subject to adjustment, one Common Share at a price of \$0.10 per Common Share until February 9, 2021.

2. CORPORATE STRUCTURE

2.1 Corporate Name and Head and Registered Office

This Listing Statement has been prepared with respect to the Corporation in connection with its proposed listing on the CSE. Upon completion of the Amalgamation, the head office of the Resulting Issuer will be located at 1593 Ellis Street, Kelowna, British Columbia, V1Y 2A7, and the registered office of the Resulting Issuer will be located at 301 – 1665 Ellis Street, Kelowna, British Columbia, V1Y 2B3. The Corporation is a reporting issuer in the Provinces of British Columbia, Alberta and Ontario.

2.2 Jurisdiction of Incorporation

The Corporation was originally formed through the amalgamation of Stonecliffe Capital Inc. and Ruby Red Resources Inc., pursuant to the *Business Corporations Act* (Alberta), on December 19, 2006. On October 20, 2010, the Corporation amended its articles to change its name from “Ruby Red Resources Inc.” to “SG Spirit Gold Inc.” On December 20, 2011, the Corporation was continued under the BCBCA.

2.3 Inter-corporate Relationships

Acquireco was incorporated on January 13, 2017, under the BCBCA, and is a wholly-owned subsidiary of the Corporation. Other than Acquireco, the Corporation has one other subsidiary, SG Spirit Subco Inc., established under the laws of the State of Delaware.

2.4 Fundamental Change

See *Item 3.1 – General Development of the Business – The Amalgamation*.

2.5 Non-corporate Issuers and Issuers incorporated outside of Canada

This section is not applicable to the Corporation.

3. GENERAL DEVELOPMENT OF THE BUSINESS

3.1 General Development of the Business

The Corporation

The Corporation has historically been involved in mineral exploration activities in the Province of British Columbia. Most recently, the Corporation has been involved in the exploration and evaluation of its wholly-owned Purcell LOV property, located in the East Kootenay region of British Columbia. The Corporation is headquartered in Vancouver, British Columbia.

On May 26, 2016, the Corporation, and its wholly-owned subsidiary SG Spirit Subco Inc., entered into a definitive agreement and plan of merger with ArcScan, Inc. Pursuant to the terms of the agreement, the Corporation proposed to acquire all of the outstanding share capital of ArcScan, Inc., through a series of transactions. The agreement expired without completion of the transaction on September 30, 2016.

On February 10, 2017, the Corporation, Acquireco, and DOJA entered into the Amalgamation Agreement, as amended on April 28, 2017, in respect of the Amalgamation. In the event the Amalgamation is completed, the transaction would constitute a Change of Business for the Corporation.

DOJA Cannabis Company Limited

DOJA is a privately-owned company incorporated under the BCBCA on October 26, 2012 under the name Kitsch Real Estate Holdings Ltd. On October 8, 2013, DOJA changed its name to Northern Lights Marijuana Company Limited. On February 27, 2017, DOJA shareholders passed a special resolution authorizing the company to change its name to DOJA Cannabis Company Limited, or such other name as the directors of the company may determine. The registered and head office of DOJA is located at 1593 Ellis Street, Kelowna, British Columbia, V1Y 2A7. DOJA has no subsidiaries.

Based in Canada's picturesque Okanagan Valley, DOJA is a Licensed Producer of medical marijuana in Canada under the ACMPR and is committed to building a fast growing, lifestyle brand that offers high quality handcrafted cannabis strains in Canada.

DOJA Overview

After founding and building SAXX Underwear into an internationally recognizable brand, Trent Kitsch co-founded Northern Lights in 2013 on the shared belief that the medicinal benefits of cannabis could no longer be overlooked and an incredible business opportunity existed to be at the forefront of the emerging marijuana industry in Canada.

In October 2013, DOJA submitted an application to Health Canada for a license to cultivate and sell marijuana for medical purposes under the ACMPR.

On October 15, 2016, DOJA acquired its proposed facility (the "**Facility**"), a 7,100 square foot commercial building located at 6-2322 Dominion Road, West Kelowna, British Columbia, pursuant to a Contract of Purchase and Sale. DOJA concurrently entered into a 99 year lease to secure and extend its potential expansion area at its existing site.

On February 21, 2017, DOJA notified Health Canada and the Office of Medical Cannabis that DOJA's proposed site is ready for Health Canada to conduct a Pre-License Inspection.

On May 2, 2017, Health Canada commenced its Pre-License Inspection of the Facility.

On June 16, 2017, Health Canada issued DOJA a license to cultivate only. This license is the first part of a two part staged licensing process mandated by Health Canada.

To best of the DOJA's knowledge, and as supported by Health Canada's grant of a License to cultivate, DOJA's proposed site and storage security measures are in place, and functional and comply with the requirements of the ACMPR and the Security Directive. To the best of DOJA's knowledge, all zoning requirements as set out by the municipality of West Kelowna have been achieved and approved by the city inspectors and DOJA abides by all city zoning bylaws with respect to operating a medical marijuana facility on the currently leased property. To best of the DOJA's knowledge, there are no outstanding Ministry of Environment issues and the land is clear of any notices or injunctions. There are no

outstanding work orders, non-compliance orders, deficiency notices or other such notices relative to Facility.

DOJA is focused on increasing its near-term potential production capacity. Planning for a sizeable Phase II production facility expansion estimated at greater than 40,000 square feet at its current site is underway and the company continues to conduct due diligence on other expansion opportunities.

ACMPR Licensing Process Overview

The market for cannabis (including medical marijuana) in Canada is regulated by the CDSA, the ACMPR, the Narcotic Control Regulations and other applicable law. Health Canada is the primary regulator of the industry as a whole. The ACMPR aims to treat cannabis like any other narcotic used for medical purposes by creating conditions for a new commercial industry that is responsible for its production and distribution.

Any applicant seeking to become a licensed producer or seller under the ACMPR is subject to stringent Health Canada licensing requirements. The below table provides a general overview of the licensing process as described by Health Canada.

| Stage | Overview |
|----------------|---|
| Stage 1 | Preliminary Screening: When an application is received, it undergoes a preliminary screening for completeness. If an application is not complete, it will be returned. If an application is complete, it will be assigned an application number. The application number means that the application has completed the preliminary screening. |
| Stage 2 | Enhanced Screening: Once an application has been assigned an application number, it will be reviewed to ensure: that the location of the proposed site does not pose a risk to public health, safety and security; that the proposed security measures outlined in the application meet the requirements of the ACMPR; and the proposed quality assurance person has the appropriate credentials to meet the good production requirements outlined in Part 1, Subdivision D of the ACMPR. It is the responsibility of the applicant to ensure that they are in compliance with all applicable provincial, territorial, and municipal legislation, regulations and bylaws, including zoning restrictions. |
| Stage 3 | Security Clearance: Once the screening of an application is complete, the security clearance forms for key personnel will be sent for processing. The time required to conduct mandatory security checks varies with each application. Security clearances generally take several months at a minimum. Health Canada and the RCMP are not able to provide updates on the status of security checks. Applications will only advance to the review stage once the security clearances for the key personnel are completed. Please note that until such a time as Health Canada receives the results of the security checks, there will be no further communication from Health Canada. |

| | |
|--|---|
| Stage 4 | Review: Once all security clearances are obtained, an application will be thoroughly reviewed to validate the information provided. Given the extensive review process, applicants are generally required to communicate with the Office of Controlled Substances multiple times to provide clarifications on the application. Physical security plans will be reviewed and assessed in detail at this stage. Applicants must meet a minimum of a level 7 (pursuant to the physical security directive) to be considered for a license. |
| Stage 5 | Pre-Licence Inspection: Upon confirmation from the applicant that the site has been fully built and security measures are in place, a pre-licence inspection will be scheduled. If any deficiencies are identified, they will be communicated to the applicant and must be addressed prior to a licence being issued. |
| Stage 6 DOJA's current stage of the licensing process | Licensing: Once it has been confirmed through the pre-licence inspection that the applicant meets all the requirements of the ACMPR, a licence will be issued. Health Canada has introduced a staged process for the issuance of licences. Applicants will first be issued a licence to produce only. This will enable Health Canada inspectors to confirm that the first batch of dried marijuana produced meets the good production practices and record keeping requirements outlined in the ACMPR. It also allows Health Canada to verify the test results of the dried marijuana (e.g. for microbial and chemical contaminants) to ensure that the dried marijuana meets all quality control requirements before it is made available for sale. Once a licensed producer has finished producing the first crop of marijuana, they must demonstrate through an inspection and test results that the planned growing processes will result in the production of a dried product that meets the licensed producer's specified quality control standards and the Good Production Practices set out in Part 1, Subdivision D of the ACMPR. Only once Health Canada is satisfied the licensed producer meets the requirements of Part 1, Subdivision D of the ACMPR will a licence be amended to allow sale to the public. |

Applicants and Licensed Producers are required to demonstrate compliance with regulatory requirements, such as quality control standards, record-keeping of all activities as well as inventories of marijuana, and physical security measures to protect against potential diversion. Licensed Producers are also required to employ qualified quality assurance personnel who ultimately approve the quality of the product prior to making it available for sale. This approval process includes testing (and validation of testing) for microbial and chemical contaminants to ensure that they are within established tolerance limits for herbal medicines for human consumption as required under the *Food and Drugs Act*, and determining the percentage by weight of the two active ingredients of marijuana, delta-9-Tetrahydrocannabinol and cannabidiol.

Recent Financings

November Share Offering

In November 2016, DOJA completed a non-brokered private placement of 6,792,672 DOJA Shares for gross proceeds of \$1,851,801 (the "**November Share Offering**"). 4,726,005 of the DOJA Shares issued as part of the November Share Offering were issued at \$0.30 per share for gross proceeds of \$1,417,801. The

remaining 2,066,667 DOJA Shares were issued as part of the exercising of certain outstanding Preferential Equity Raise Participation Rights at a 30% discount to the \$0.30 equity financing price and the conversion of \$97,500 of convertible promissory notes payable. The effective price per share was \$0.21 for gross proceeds of \$434,000 (inclusive of the converted promissory notes payable amounts).

Subscribers under the November Share Offering who are not insiders of DOJA, and who will not be insiders of the Resulting Issuer, have agreed to a contractual hold period on their securities. 20% of such non-insiders' securities shall be (subject to applicable securities laws), freely trading upon the closing of the Amalgamation with the balance of their securities being released from the contractual hold period on the basis of 20% every three months thereafter.

February Unit Offering

On February 17, 2017, DOJA completed a non-brokered private placement of units (the "**Units**") at a price of \$0.18 per Unit for aggregate gross proceeds of \$1,069,759 (the "**February Unit Offering**"). Each Unit was comprised one DOJA Share and one DOJA Warrant. Each DOJA Warrant entitles the holder thereof to acquire, subject to adjustment, an additional DOJA Share at an exercise price of \$0.45 for a period of 24 months following the closing of the February Unit Offering. If within the 24 month term, (i) the closing trading price of the DOJA Shares on any recognized Canadian stock exchange is greater than \$1.10 (subject to adjustment) for a period of 20 consecutive trading days, or (ii) DOJA receives a license to sell dried cannabis from Health Canada, then DOJA shall have the option, at its sole discretion, to request that holders of Warrants exercise their Warrants.

Subscribers under the February Unit Offering who are not insiders of DOJA, and who will not be insiders of the Resulting Issuer, have agreed to a contractual hold period on their securities. 20% of such non-insiders' securities shall be (subject to applicable securities laws), freely trading upon the closing of the Amalgamation with the balance of their securities being released from the contractual hold period on the basis of 20% every three months thereafter.

March Share Offering

On March 16, 2017, DOJA completed a non-brokered private placement of DOJA Shares at a price of \$0.45 per share for aggregate gross proceeds of approximately \$1,660,930 (the "**March Share Offering**").

Subscribers under the March Share Offering who are not insiders of DOJA, and who will not be insiders of the Resulting Issuer, have agreed to an additional contractual hold period on their securities of six months following the closing date of the Amalgamation. The additional hold period shall be in addition to any resale restrictions imposed by applicable securities laws and shall restrict the holder's ability to transfer its securities until the date that is the date that is four months following the date that DOJA becomes a reporting issuer in any province or territory of Canada.

June Share Offering

On June 15, 2017 and June 30, 2017, DOJA completed non-brokered private placements of DOJA Shares at a price of \$0.90 per share for aggregate gross proceeds of approximately \$3,057,162 (collectively, the "**June Share Offering**").

Subscribers under the June Share Offering who are not insiders of DOJA, and who will not be insiders of the Resulting Issuer, have agreed to an additional contractual hold period on their securities of four months following the closing date of the Amalgamation. The additional hold period shall be in addition to any resale restrictions imposed by applicable securities laws and shall restrict the holder's ability to transfer its securities until the date that is the date that is four months following the date that DOJA becomes a reporting issuer in any province or territory of Canada

The Amalgamation

On February 10, 2017, the Corporation entered into the Amalgamation Agreement as amended on April 28, 2017 with Acquireco and DOJA, pursuant to which the Corporation agreed to acquire all of the issued and outstanding DOJA Shares by way of a "three-cornered" amalgamation whereby:

- a) the Corporation will complete the Consolidation;
- b) Acquireco and DOJA amalgamate;
- c) each holder of DOJA Shares will transfer their DOJA Shares to the Corporation in exchange for one-and-eight tenths (1.8) fully paid and non-assessable Common Shares of the Corporation for each DOJA Share held;
- d) the Corporation will receive one fully paid and non-assessable common share of Amalco for all of the common shares of Acquireco held by the Corporation, following which all such common shares of Acquireco will be cancelled;
- e) all DOJA Shares held by the Corporation as a result of the exchanges described above will be cancelled and the Corporation will receive, for each DOJA Share, one common share of Amalco and Amalco will become a wholly-owned subsidiary of the Corporation; and
- f) each holder of the DOJA Warrants and DOJA Options will surrender their DOJA Warrants and DOJA Options for cancellation and in consideration shall be entitled to receive one-and-eight tenths (1.8) Consideration Warrants and Consideration Options, as applicable.

The Amalgamation will result in DOJA amalgamating with Acquireco and becoming Amalco, and Amalco becoming a wholly-owned subsidiary of the Corporation. Concurrently with the completion of the Amalgamation, the Corporation will change its name to "DOJA Cannabis Company Limited" and Amalco will be named "DOJA Cannabis Ltd.".

The valuation ascribed to DOJA in the Amalgamation was determined by arm's length negotiation between the Corporation and DOJA, and based in part upon DOJA's pre-Amalgamation financings. A formal third party valuation was not determined to be necessary.

The Amalgamation was approved by a special resolution passed by the DOJA Shareholders at a shareholder meeting held on February 27, 2017 and by the Corporation, in its capacity as sole shareholder of Acquireco. The Corporation's Change of Business resulting from the completion of the Amalgamation was approved, pursuant to CSE Policies, by the written consent of a minimum of 51% of the Corporation's pre-Amalgamation shareholders.

Upon completion of the Amalgamation, the directors of the Resulting Issuer are expected to be William Trent Kitsch, Ryan Foreman, Jeffrey Barber, Patrick Brauckmann and Stewart Thornhill and the officers of the Corporation are expected to be William Trent Kitsch (Chief Executive Officer), Ryan Foreman (President), Jeffrey Barber (Chief Financial Officer), Maria Kitsch (Vice-President) and Keith Inman (Corporate Secretary).

The Corporation's authorized share capital consists of an unlimited number of Common Shares without par value and an unlimited number of preferred shares without par value. Prior to the completion of the Amalgamation and the Consolidation, the outstanding capital of the Corporation consists of:

- a) 15,211,457 Common Shares;
- b) 10,200,000 Warrants; and
- c) 360,000 Options.

Upon completion of the Amalgamation, the outstanding capital of the Resulting Issuer will consist of:

- a) 58,752,930 Shares;
- b) 120,000 Options;
- c) 180,000 Consideration Options;
- d) 3,400,000 Warrants;
- e) 10,697,589 Consideration Warrants; and
- f) 7,886,399 Performance Warrants.

Upon completion of the Amalgamation, Amalco will become a wholly-owned subsidiary of the Corporation.

3.2 Significant Acquisitions and Dispositions

See *Item 3.1 – General Development of the Business – The Amalgamation*.

3.3 Trends, Commitments, Events or Uncertainties

On October 19, 2015, the Liberal Party of Canada obtained a majority government in Canada. The Liberal Party has committed to the legalization of recreational cannabis in Canada. On June 30, 2016, the Canadian Federal Government established the Task Force on Cannabis Legalization and Regulation (the “**Task Force**”) to seek input on the design of a new system to legalize, strictly regulate and restrict access to marijuana. The Task Force has completed its review and published a report dated November 30, 2016, which outlines its recommendations. On April 13, 2017 the Canadian Federal Government introduced legislation which would establish a framework for the legalization of marijuana. It is expected that the new legislation will be in place by the end of June 2018. The impact of such regulatory changes on the Corporation's business is unknown, and the proposed regulatory changes may not be implemented at all. There are significant risks associated with the Corporation's business, as described in *Item 17 – Risk Factors*.

4. NARRATIVE DESCRIPTION OF THE BUSINESS

4.1(1) Narrative Description of the Corporation's Business

Business of the Corporation

Business Objectives

Following the Amalgamation, the principal business intended to be carried on by the Corporation is the production of medical marijuana in Canada, through DOJA, and subsequently the sale of medical marijuana in Canada, through DOJA, if and when a license to sell is obtained. On June 16, 2017, DOJA received its License from Health Canada (see *Item 17 – Risk Factors – Licensing Requirements under the ACMPR*).

In the 12 months following completion of the Amalgamation, the Corporation expects to:

- a) produce its first batch of dried marijuana;
- b) receive an amendment to its License allowing DOJA to sell dried marijuana;
- c) acquire patients, receive orders and complete first sales;
- d) partner with a Canadian University to study the therapeutic effects of cannabis;
- e) if warranted, complete the planning and commence the construction of Phase II expansion of the Facility;
- f) open the first DOJA Culture Café in Kelowna, British Columbia. The storefront will supply locally roasted coffee, branded clothing and accessories that complement the DOJA lifestyle and serve as a cannabis information center;
- g) complete due diligence on sites that would support the Corporation's Phase III growth initiatives; and
- h) develop a fast growing lifestyle brand built around a high quality craft cannabis approach.

DOJA has satisfied all of its capital commitments with respect to the build-out of its Facility and has no further material capital outlays planned. The Corporation is budgeting \$1.6 million for expenses related to cultivation of cannabis, utilities, salaries, consulting fees, legal fees, mortgage payments and other general and administrative expenses over the next 12 months.

Significant Events or Milestones

The principal milestones that must occur during the 12-month period following the Amalgamation for the business objectives described above to be accomplished are as follows:

- a) DOJA producing its first batches of dried marijuana;
- b) Receiving a development permit to begin construction of the Phase II expansion;
- c) Health Canada inspectors confirming the dried marijuana produced by DOJA meets the good production practices and record keeping requirements outlined in the ACMPR and verifying the test results of the dried marijuana meets all quality control requirements;
- d) Health Canada granting DOJA a License to sell dried marijuana;
- e) Registering patients;
- f) Expanding the DOJA Culture Café storefront model; and
- g) Completing first sales of dried cannabis to patients.

Total Funds Available

The pro forma working capital position of the Corporation as at March 31, 2017, giving effect to the Amalgamation as if it had been completed on that date, was approximately \$5,059,981.

As at March 31, 2017 (the end of the Corporation's most recent interim period for which financial statements have been published), the Corporation had working capital of \$98,792. The Corporation has historically relied upon equity financings to satisfy its capital requirements and will continue to depend upon equity capital to finance its activities moving forward.

The consolidated pro forma balance sheet of the Corporation, which gives effect to the Amalgamation as if it had been completed on March 31, 2017, is attached hereto as Schedule A.

Purpose of Funds

Upon completion of the Amalgamation, the Resulting Issuer expects to have \$4,500,000 million in funds available to it to spend for the principal purpose of supporting its efforts to receive a license to sell marijuana and for general corporate purposes. Notwithstanding the foregoing, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary for the Corporation to achieve its objectives. The Resulting Issuer may also require additional funds in order to fulfill its expenditure requirements to meet existing and any new business objectives and expects to either issue additional securities or incur debt to do so. There can be no assurance that additional funding required by the Resulting Issuer will be available if required. However, it is anticipated that the available funds will be sufficient to satisfy the Resulting Issuer's objectives for the 12 month period following the completion of the Amalgamation.

Forecast 12 Month Budget

| | |
|---|-------------|
| Expected Funds Available on Completion of the Amalgamation | \$4,500,000 |
| General and Administrative Expenses | \$720,000 |
| Future Capital Expenditures Pre-License to Sell | \$50,000 |
| Excess Funds Available to the Corporation for General Working Capital | \$3,730,000 |

4.1(2) Principal Products or Services

Provided DOJA obtains a license to sell medical marijuana, DOJA anticipates developing a fast growing, lifestyle brand built around a high-quality handcrafted cannabis approach.

4.1(3) Production and Sales

DOJA expects that the Resulting Issuer will engage in various patient outreach strategies in order to establish a client base. Until such time that DOJA receives the applicable licenses from Health Canada it will not be able to sell medical marijuana.

4.1(4) Competitive Conditions and Position

See *Item 17 – Risk Factors - Competition*.

4.1(5) Lending and Investment Policies and Restrictions

This is not applicable to the Corporation.

4.1(6) Bankruptcy and Receivership

Neither DOJA, the Corporation, nor any of the Corporation's subsidiaries, has been the subject of any bankruptcy or any receivership or similar proceedings or any voluntary bankruptcy, receivership or similar proceedings, within any of the three most recently completed financial years (as applicable) or the current financial year.

4.1(7) Material Restructuring

The Corporation was originally formed through the amalgamation of Stonecliffe Capital Inc. and Ruby Red Resources Inc., pursuant to the *Business Corporations Act* (Alberta), on December 19, 2006. On October 20, 2010, the Corporation amended its articles to change its name from "Ruby Red Resources Inc." to "SG Spirit Gold Inc.", and consolidated its issued and outstanding common shares on the basis of one post-consolidation common share for every ten pre-consolidation common shares. On December 20, 2011, the Corporation was continued under the BCBCA. As a condition to closing the Amalgamation, the Corporation has agreed to consolidate its issued and outstanding common shares on the basis of one post-consolidation common share for every three pre-consolidation common shares.

On March 22, 2016, the Corporation arranged for the incorporation of SG Spirit Subco Inc., a wholly-owned subsidiary established under the laws of the State of Delaware, for the purposes of completing the acquisition of ArcScan, Inc. On January 13, 2017, the Corporation arranged for the incorporation of

Acquireco, a wholly-owned subsidiary established pursuant to the BCBCA, for the purposes of completing the Amalgamation.

4.2 Asset Backed Securities

The Corporation does not have any asset backed securities.

4.3 Companies with Mineral Projects

Aside from the wholly-owned Purcell LOV property, located in the East Kootenay region of British Columbia, the Corporation does not have any mineral projects. It is a condition to completion of the Amalgamation that the Corporation sell, transfer or otherwise dispose of its mining interests, including Purcell LOV property.

4.4 Companies with Oil and Gas Operations

The Corporation does not have any oil and gas operations.

5. SELECTED CONSOLIDATED FINANCIAL INFORMATION

5.1 Consolidated Financial Information – Annual Information

The Corporation's Annual Information

The following table sets forth selected financial information for the Corporation for the years ended December 31, 2016, 2015 and 2014. Such information is derived from the financial statements of SG Gold and should be read in conjunction with such financial statements. See *Schedule "B" – Financial Statements of SG Spirit Gold Inc.*

| | For the Years Ended December 31, | | |
|---|---|-------------|-------------|
| | 2016 | 2015 | 2014 |
| Operating Data: | | | |
| Total revenues | Nil | Nil | Nil |
| Total expenses | 213,265 | 40,926 | 91,335 |
| Net loss for the year | (211,338) | (62,902) | (399,305) |
| Basic and diluted loss per share ⁽¹⁾ | (0.02) | (0.07) | (0.42) |
| Dividends | Nil | Nil | Nil |
| Balance Sheet Data: | | | |
| Total assets | 94,113 | 3,959 | 68,444 |
| Total liabilities | 106,668 | 516,960 | 523,543 |

DOJA's Annual Information

The following table sets forth selected financial information for the DOJA for the years ended March 31, 2017, 2016 and 2015. Such information is derived from the financial statements of DOJA and should be read in conjunction with such financial statements. See *Schedule "E" – Financial Statements of Northern Lights Marijuana Company Limited*.

| | For the Years Ended March 31 | | |
|----------------------------------|-------------------------------------|-------------|-------------|
| | 2017 | 2016 | 2015 |
| Operating Data: | | | |
| Total revenues | 17,335 | 26,788 | Nil |
| Total expenses | 984,707 | 267,742 | (12,388) |
| Net loss for the year | (967,372) | (240,954) | (12,388) |
| Basic and diluted loss per share | (0.07) | (2,007.95) | (103.23) |
| Dividends | Nil | Nil | Nil |
| Balance Sheet Data: | | | |
| Total assets | 4,782,848 | 42,914 | 846 |
| Total liabilities | 799,463 | 303,944 | 13,222 |

5.2 Consolidated Financial Information – Quarterly Information

The Corporation's Quarterly Information

The results for each of the eight most recently completed quarters of the Corporation ending at the end of the most recently competed interim period, being March 31, 2017, are summarized below:

| Quarter Ended | Revenue | Income (Loss) | Income (Loss) per Share |
|----------------------|----------------|----------------------|--------------------------------|
| March 31, 2017 | Nil | (35,053) | (0.00) |
| December 31, 2016 | Nil | (22,918) | (0.00) |
| September 30, 2016 | Nil | (13,238) | (0.00) |
| June 30, 2016 | Nil | (36,550) | (0.00) |
| March 31, 2016 | Nil | (138,632) | (0.02) |
| December 31, 2015 | Nil | (28,091) | (0.03) |
| September 30, 2015 | Nil | (16,807) | (0.02) |
| June 30, 2015 | Nil | (13,096) | (0.02) |

5.3 Dividends

The future payment of dividends will be dependent upon the financial requirements of the Corporation to fund further growth, the financial condition of the Corporation and other factors which the Corporation's Board of Directors may consider in the circumstances. It is not contemplated that any dividends will be paid in the immediate or foreseeable future if at all.

5.4 Foreign GAAP

This item does not apply to the Corporation.

6. MANAGEMENT'S DISCUSSION AND ANALYSIS

The Corporation's MD&A for the year ended December 31, 2016 is attached to this Listing Statement as *Schedule "C" – MD&A of SG Spirit Gold Inc.* DOJA's MD&A for the year ended March 31, 2017 is attached hereto as *Schedule "D" – MD&A of DOJA Cannabis Company Limited.*

7. MARKET FOR SECURITIES

The Common Shares are currently listed for trading on the TSX Venture Exchange under the symbol "SG". Upon completion of the Amalgamation, it is expected that the Common Shares will be listed for trading on the CSE under the symbol "DOJA".

The DOJA Shares are not listed for trading on any stock exchange.

8. CONSOLIDATED CAPITALIZATION

Prior to completion of the Amalgamation and the Consolidation, the outstanding capital of the Corporation consists of:

- a) 15,211,457 Common Shares;
- b) 360,000 Options; and
- c) 10,200,000 Warrants.

Prior to completion of the Amalgamation, the outstanding capital of DOJA consists of:

- a) 29,823,580 DOJA Shares;
- b) 5,943,105 DOJA Warrants;
- c) 4,381,333 DOJA Performance Warrants; and
- d) 100,000 DOJA Options.

Subsequent to the Amalgamation, the outstanding capital of the Resulting Issuer will consist of:

- g) 58,752,930 common shares of the Resulting Issuer;
- h) 120,000 Options;
- i) 180,000 Consideration Options;
- j) 3,400,000 Warrants;
- k) 10,697,589 Consideration Warrants; and
- l) 7,886,399 Performance Warrants.

9. OPTIONS TO PURCHASE SECURITIES

The Corporation currently has in place a 10% rolling stock option plan. The plan was previously approved by the shareholders of the Corporation on February 16, 2015. Under the option plan, the Corporation's Board of Directors may, from time to time, grant stock options to purchase Common Shares to certain directors, officers, employees and consultants of the Corporation and of its subsidiaries and affiliates. The maximum number of Common Shares issuable under the option plan and all other

security-based compensation arrangements of the Corporation is ten (10%) percent of the issued and outstanding number of Common Shares from time to time. Pursuant to the terms of the option plan, the maximum length of any stock option shall be 5 years from the date the stock option is granted.

On November 30, 2016, the Corporation granted 520,000 incentive stock options to certain consultants to the Corporation, of which 260,000 incentive stock options remain outstanding. Each option entitles the holder thereof to acquire a Common Share at a price of \$0.14 per share until November 30, 2021. There are no other outstanding stock options outstanding as of the date of this Listing Statement.

10. DESCRIPTION OF THE SECURITIES

10.1 Description of the Corporation's Securities

Corporation

The Corporation is authorized to issue an unlimited number of Common Shares without par value and an unlimited number of preferred shares. As at the date of this Listing Statement, and prior to the Consolidation, there are 15,211,457 Common Shares issued and outstanding as fully paid and non-assessable shares. A further 10,560,000 Common Shares have been reserved and allotted for issuance upon the due and proper exercise of the Corporation's outstanding incentive stock options and the Warrants.

There are no pre-emptive rights, no conversion or exchange rights, no redemption, retraction, purchase for cancellation or surrender provisions. There are no sinking or purchase fund provisions, no provisions permitting or restricting the issuance of additional securities or any other material restrictions, and there are no provisions which are capable of requiring a security holder to contribute additional capital.

DOJA

DOJA is authorized to issue an unlimited number of DOJA Shares, class B voting common shares, class C voting common shares, class D non-voting common shares, class E non-voting common shares, class F non-voting common shares, class G non-voting preferred shares, class H non-voting preferred shares, class I non-voting preferred shares, class J non-voting preferred shares and class K non-voting preferred shares. As at the date of this Listing Statement, there are 29,823,580 DOJA Shares issued and outstanding as fully paid and non-assessable shares. A further 10,424,438 DOJA Shares have been reserved and allotted for issuance upon the due and proper exercise of the DOJA Warrants, DOJA Performance Warrants and DOJA Options.

10.2 – 10.6 – Miscellaneous Securities Provisions

None of the matters set out in sections 10.2 to 10.6 of CSE Form 2A are applicable to the share structure of the Corporation or DOJA.

10.7 – Prior Sales of Common Shares

The Corporation

The Common Shares of the Corporation are listed on the TSX Venture Exchange under the ticker symbol “SG”. The following tables set forth the issuances of Common Shares of the Corporation within the last twelve (12) months before the date of this Listing Statement.

| Date Issued | Number of Common Shares | Issue Price per Share (\$) | Aggregate Issue Price (\$) | Nature of Consideration |
|---------------------------------|--------------------------------|-----------------------------------|-----------------------------------|--------------------------------|
| December 16, 2016 | 500,000 | \$0.10 | \$50,000 | Cash |
| December 20, 2016 | 300,000 | \$0.10 | \$30,000 | Cash |
| January 23, 2017 | 43,500 | \$0.10 | \$4,350 | Cash |
| February 9, 2017 ⁽¹⁾ | 1,056,500 | \$0.10 | 105,650 | Cash |
| February 9, 2017 ⁽²⁾ | 260,000 | \$0.14 | 36,400 | Cash |

Notes:

(1) These shares were issued as a result of the exercise of share purchase warrants.

(2) These shares were issued as a result of the exercise of incentive stock options.

DOJA

The following table sets forth the issuances of DOJA Shares within the last twelve (12) months before the date of this Listing Statement.

| Date Issued | Number of Securities | Issue Price per Security | Aggregate Issue Price | Nature of Consideration |
|----------------------------------|-----------------------------|---------------------------------|------------------------------|--------------------------------|
| November 25, 2016 | 6,866,680 | \$0.30 | \$1,874,008 ⁽¹⁾ | Cash |
| February 17, 2017 ⁽²⁾ | 5,943,105 | \$0.18 | \$1,069,758.90 | Cash |
| March 16, 2017 ⁽³⁾ | 3,690,955 | \$0.45 | \$1,660,929.75 | Cash |
| June 15, 2017 ⁽⁴⁾ | 2,858,739 | \$0.90 | \$2,572,865 | Cash |
| June 30, 2017 ⁽⁴⁾ | 538,107 | \$0.90 | \$484,296.30 | Cash |

Notes:

(1) 2,066,667 of these shares were issued as part of the exercising of certain outstanding Preferential Equity Raise Participation Rights at a 30% discount to the equity financing price and the conversion of \$97,500 of convertible promissory notes payable. The effective price per share was \$0.21 for gross proceeds of \$434,000 (inclusive of the converted promissory notes payable amounts).

(2) These shares formed part of the February Unit Offering.

(3) These shares formed part of the March Share Offering.

(4) These shares formed part of the June Share Offering

10.8 Stock Exchange Price

The following table sets out the price ranges and volume traded or quoted on the TSX Venture Exchange for the Common Shares for the 12-month period prior to the date of this Listing Application.

| Period | High (\$) | Low (\$) | Volume |
|-------------------------------|-----------------------|----------|-----------|
| February 2017 ⁽²⁾ | \$0.61 | \$0.39 | 4,329,500 |
| January 2017 | \$0.45 | 0.18 | 8,446,500 |
| December 2016 | \$0.165 | \$0.12 | 2,185,212 |
| November 2016 | \$0.135 | \$0.085 | 2,653,020 |
| October 2016 ⁽¹⁾ | \$0.10 | \$0.07 | 421,088 |
| September 2016 ⁽¹⁾ | <i>Trading Halted</i> | | |
| August 2016 ⁽¹⁾ | | | |
| July 2016 ⁽¹⁾ | | | |
| June 2016 ⁽¹⁾ | | | |
| May 2016 ⁽¹⁾ | | | |
| April 2016 ⁽¹⁾ | | | |
| March 2016 ⁽¹⁾ | \$0.09 | \$0.09 | 500 |
| February 2016 | \$0.12 | \$0.09 | 42,014 |

Notes:

(1) Trading in the Common Shares was halted from March 8, 2016 to October 27, 2016, at the request of the Corporation, in connection with its proposed acquisition of ArcScan, Inc.

(2) Trading in the Common Shares was halted on February 10, 2017 at the request of the Corporation in connection with the Amalgamation.

11. ESCROWED SECURITIES

As required under the policies of the CSE, Principals of the Resulting Issuer will enter into an escrow agreement as if the Resulting Issuer was subject to the requirements of NP 46-201. The form of the escrow agreement must be as provided in NP 46-201. Escrowed Securities will be released on scheduled periods specified in NP 46-201 for emerging issuers, that is, 10% will be released upon listing followed by six subsequent releases of 15% each every six months thereafter.

The table below includes the details of Escrowed Securities that will be held by Principals of the Resulting Issuer:

| Designation of class held in escrow ⁽¹⁾ | Number of securities held in escrow | Percentage of class |
|--|-------------------------------------|---------------------|
| Common Shares | 19,316,781 | 32.9% |

Notes:

(1) CST Trust Company is the depository for these shares.

(2) Certain DOJA shareholders who are not insiders of DOJA, and who will not be insiders of the Resulting Issuer, have agreed to a contractual hold period on their securities. 20% of such non-insiders' securities shall be (subject to applicable securities laws), freely trading upon the closing of the Amalgamation with the balance of their securities being released from the contractual hold period on the basis of 20% every three months thereafter.

12. PRINCIPAL SHAREHOLDERS

12.1 and 12.2 - Principal Shareholders

To the knowledge of the directors and officers of each of the Corporation and DOJA, following the Amalgamation, the following Persons 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:

| Name and Municipality of Residence of Shareholder | Type of Ownership | Number and Percentage of Common Shares Owned prior to the Amalgamation | Number and Percentage of Common Shares Owned after giving effect to the Amalgamation |
|--|-------------------|--|--|
| William Trent Kitsch Kelowna, BC CEO and Director | Direct | Nil | 7,476,250 12.7% |
| Ryan Thomas Foreman Vancouver, BC President and Director | Direct | Nil | 7,213,032 12.3% |

12.3 – Voting Trusts

To the knowledge of the Corporation and DOJA, no voting trust exists within the Corporation such that more than 10% of any class of voting securities of the Corporation are held, or are to be held, subject to any voting trust or other similar agreement.

12.4 – Associates and Affiliates

To the knowledge of the Corporation none of the principal shareholders is an Associate or Affiliate of any other principal shareholder.

13. DIRECTORS AND OFFICERS

13.1 – 13.5 – Directors and Officers

The Articles of the Corporation provide that the number of directors should not be fewer than three directors. Each director holds office until the close of the next annual general meeting of the Corporation, or until his or her successor is duly elected or appointed, unless his or her office is earlier vacated. The Corporation's Board currently consists of 4 directors, of whom one can be defined as an "unrelated director" or a director who is independent of management and is free from any interests and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act with a view to the best interests of the Corporation, other than interests and relationships arising from shareholders, and do not have interests in or relationships with the Corporation.

The following table lists the names, municipalities of residence of the proposed directors and officers of the Resulting Issuer, their positions and offices to be held with the Resulting Issuer, and their principal occupations during the past five (5) years and the number of securities of the Resulting Issuer that are beneficially owned, directly or indirectly, or over which control or direction will be exercised by each.

| Name, Municipality of Residence and Position Held | Principal Occupation for Past Five Years | Director of the Resulting Issuer Since | Number and Percentage of Common Shares Beneficially Owned or Controlled Prior to the Amalgamation | Number and Percentage of Common Shares Beneficially Owned or Controlled After the Amalgamation |
|--|---|---|--|---|
| William Trent Kitsch Kelowna, BC Chief Executive Officer and Director ⁽¹⁾ | Entrepreneur | N/A | Nil 0% | 7,476,250 12.7% |
| Ryan Foreman Vancouver, BC President and Director | E-commerce Consultant | N/A | Nil 0% | 7,213,032 12.3% |
| Jeffrey Barber Kelowna, BC Chief Financial Officer and Director | Investment Banker | N/A | Nil 0% | 1,350,000 2.3% |

| | | | | |
|---|--------------------------------------|-----|-----------|-------------------|
| Patrick Brauckmann ⁽¹⁾ Vancouver, BC Director | Entrepreneur | N/A | Nil 0% | Nil 0% |
| Maria Kitsch Kelowna, BC Vice-President | Sales and Marketing Specialist | N/A | Nil 0% | 2,877,500 4.9% |
| Stewart Thornhill ⁽¹⁾ Ann Arbour, MI, USA Director | Educator | N/A | Nil 0% | 400,000 0.7% |
| Keith Inman Kelowna, BC Corporate Secretary | Lawyer | N/A | Nil 0% | Nil 0% |

Note:

(1) Members of Audit Committee

13.6 – 13.9 Corporate Cease Trade Orders or Bankruptcies; Penalties or Sanctions; Personal Bankruptcies

No proposed director of the Resulting Issuer:

- (a) is, at the date of this Listing Statement, or has been, within 10 years before the date of this Listing Statement, a director, chief executive officer or chief financial officer of any company, including any personal holding company of such director, chief executive officer or chief financial officer that:
 - (i) while that person was acting in that capacity, was the subject of a cease trade or similar order, or an order that denied the other relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
 - (ii) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days issued after the that person issued after the director, chief executive officer or chief financial officer ceased to be a director or executive officer and which resulted from an event that occurred while the person was acting in such capacity;
- (b) is, at the date of this Listing Statement, or has been, within 10 years before the date of this Listing Statement, a director or executive officer of any company (including the Corporation and any personal holding company of such director or executive officer) 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; or
- (c) nor any personal holding company has, within 10 years before the date of this Listing

Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such person or their personal holding company.

No proposed director of the Resulting Issuer has been subject to: (i) 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 (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

13.10 – Conflicts of Interest

Conflicts of interest may arise as a result of the directors, officers and promoters of the Resulting Issuer also holding positions as directors or officers of other companies. Some of the individuals who will be directors and officers of the Resulting Issuer have been and will continue to be engaged in the identification and evaluation of assets, businesses and companies on their own behalf and on behalf of other companies, and situations may arise where the directors and officers of the Resulting Issuer will be in direct competition with the Resulting Issuer. Conflicts, if any, will be subject to the procedures and remedies provided under BCBCA.

13.11 Management

Brief descriptions of the biographies for all of the proposed officers and directors of the Resulting Issuer are set out below:

Trent Kitsch – Chief Executive Officer and Director: Mr. Kitsch co-founded DOJA in 2013. Prior thereto, Mr. Kitsch founded SAXX Underwear in 2007 and successfully built SAXX into a globally recognizable brand and the fastest growing underwear brand in North America before exiting the business in 2015. In 2013 Mr. Kitsch and his wife Ria Kitsch founded Kitsch Wines in the Okanagan Valley. Trent is a proven entrepreneur that graduated from the Richard Ivey School of Business with a major in entrepreneurship.

Ryan Foreman – President and Director: Mr. Foreman co-founded DOJA with Mr. Kitsch in 2013. Mr. Foreman has spent over 15 years developing e-commerce operations within the consumer goods space working with influential brands and industry disrupters in the lifestyle and action sports markets. He has expertise developing and managing teams executing all business aspects including system integrations, domestic and international compliance, fulfillment, website development and online marketing.

Jeff Barber – Chief Financial Officer and Director: Mr. Barber joined DOJA in 2016 after selling his ownership in a boutique M&A advisory firm in Calgary. Prior thereto, he was an investment banker with Raymond James Limited for four years and previously held investment banking and equity research positions at Canaccord Genuity Corp. Jeff began his career as an Economist with Deloitte LLP. Throughout his career, Mr. Barber has worked closely with various public company Boards and executive teams to assist in institutional capital initiatives and advise on go-public transactions, valuations and M&A mandates. Jeff Barber is a CFA charterholder and holds a Masters degree in Finance and Economics from the University of Alberta.

Stewart Thornhill – Director: Mr. Thornhill is the Executive Director of the Zell Lurie Institute for Entrepreneurial Studies, serves as the Eugene Applebaum Professor of Entrepreneurial Studies and the Managing Director of the Zell Lurie Commercialization Fund. Mr. Thornhill has served as the executive director of the Pierre L. Morissette Institute for Entrepreneurship and a member of the faculty at the Ivey Business School at Western University in London, Ontario. At Ivey, he championed a number of new initiatives and has sizable experience helping entrepreneurs through his involvement in QuantumShift, an Executive Development program for high-growth entrepreneurs. Thornhill's extensive background also includes global experience, having held the Karel Steur chair in entrepreneurship at the Universidad de San Andreas, Buenos Aires and various professorial roles at Jacobs University in Bremen, Germany, the Institut d'Etudes Politiques de Paris in France and the Schulich School of Business at York University in Toronto. Dr. Thornhill's research interests include strategic execution, leadership, competitive strategy, innovation and corporate entrepreneurship. Mr. Thornhill's work has appeared in several top management journals and he has published more than 20 teaching cases. He serves on the editorial boards of the Journal of Business Venturing, the Strategic Entrepreneurship Journal, the International Entrepreneurship and Management Journal, and the Journal of Global Entrepreneurship Research. He received his Ph.D. from the University of British Columbia and also holds a B.Sc. (Eng.) in Mechanical Engineering and an MBA with a concentration in Finance.

Ria Kitsch – Vice President: Mrs. Kitsch has been with DOJA since inception. Ria was formerly head of marketing for SAXX Underwear. Since then she became a top salesperson and territory manager for WaterPlay Solutions Corp., quickly identifying and executing strategies to grow in regulated markets. Strong customer service skills and marketing focus make her a front-line specialist. Mrs. Kitsch earned a Business Honors degree from UBC-Okanagan.

Patrick Brauckmann – Director: For more than a decade Mr. Brauckmann has identified, structured and financed numerous private and public companies in a wide spectrum of industry sectors including healthcare, internet telephony, solar energy, oil & gas, mineral exploration and licensed marijuana production in both the US and Canada. As an Independent Director to Northern Lights, Mr. Brauckmann brings strong cross sectional talents to the company from his experience as a co-founder of Canada's first multi-disciplinary medical facilities, the co-creator of Chopra Yoga Studios, the founder of Corazon Gold Corp. and most recently assisting in the go-public strategy for one of Canada's first licensed marijuana producers. Mr. Brauckmann has served in both management and Board capacities for public companies. Mr. Brauckmann received his B.A. (Hons) from Simon Fraser University.

Keith Inman – Corporate Secretary: Mr. Inman is a lawyer with a practice primarily focused on advising emerging and mid-market companies on corporate/commercial and securities law matters, including corporate finance and M&A transactions. Mr. Inman has been a lawyer at Pushor Mitchell LLP, a full-service law firm located in Kelowna, British Columbia since July 2016. Prior to that, he was a lawyer at Dentons Canada LLP, an international law firm. Mr. Inman holds a Bachelor of Laws degree from the University of Alberta and is a member of the Law Societies of Alberta and British Columbia.

14. CAPITALIZATION

14.1 The following chart is with respect to the Common Shares to be listed upon completion of the Amalgamation:

| | Number of Securities (non- diluted) | Number of Securities (fully- diluted) | % of Issued (non- diluted) | % of Issued (fully diluted) |
|---|--|--|-------------------------------------|-----------------------------------|
| Public Float | | | | |
| Total outstanding (A) | 58,752,930 | 81,036,918 | 100% | 100% |
| Held by Related Persons or employees of the Company or Related Person of the Company, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Company (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Company upon exercise or conversion of other securities held) (B) | 19,316,781 | 26,576,780 | 32.88% | 32.80% |
| Total Public Float (A-B) | 39,436,149 | 54,460,138 | 67.12% | 67.20% |
| Freely-Tradeable Float | | | | |
| Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control | 41,144,396 | 48,404,396 | 70.03% | 59.73% |
| Total Tradeable Float (A-C) | 17,608,534 | 32,632,522 | 29.97% | 40.27% |

Public Securityholders (Registered)

Class of Security

| Size of Holding | Number of | Total number of securities |
|--------------------------|------------------|-----------------------------------|
| 1 - 99 securities | 5 | 136 |
| 100 – 499 securities | - | - |
| 500 – 999 securities | - | - |
| 1,000 – 1,999 securities | - | - |
| 2,000 – 2,999 securities | - | - |
| 3,000 – 3,999 securities | - | - |
| 4,000 – 4,999 securities | 1 | 4,720 |
| 5,000 or more securities | 4 | 13,890,101 |
| Total | 10 | 13,894,957 |

Public Securityholders (Beneficial)

Common Shares of the Corporation

| Size of Holding | Number of holders | Total number of securities |
|--------------------------|--------------------------|-----------------------------------|
| 1 - 99 securities | 140 | 5,283 |
| 100 – 499 securities | 81 | 19,958 |
| 500 – 999 securities | 49 | 29,429 |
| 1,000 – 1,999 securities | 44 | 53,992 |
| 2,000 – 2,999 securities | 20 | 44,562 |
| 3,000 – 3,999 securities | 22 | 71,226 |
| 4,000 – 4,999 securities | 11 | 47,492 |
| 5,000 or more securities | 140 | 12,527,936 |
| Total | 507 | 12,799,878 |

14.2 – Convertible/Exchange Securities

The Corporation

| Description of Security (include conversion/exercise terms, including conversion/exercise price) | Number of convertible/exchangeable securities | Number of listed securities issuable upon conversion/exchange |
|---|--|--|
| Common Share Purchase Warrants \$0.10 – February 9, 2021 | 10,200,000 | 10,200,000 Common Shares |
| Incentive Stock Options \$0.14 – November 30, 2021 | 260,000 ⁽¹⁾ | 260,000 Common Shares |

Note:

(1) An additional 100,000 incentive stock options are to be granted the Chief Executive Officer of the Corporation prior to the completion of the Amalgamation.

DOJA

| Description of Security (include conversion/exercise terms, including conversion/exercise price) ⁽¹⁾ | Number of convertible/exchangeable securities | Number of listed securities issuable upon conversion/exchange |
|---|---|---|
| DOJA Warrants \$0.45 – February 17, 2019 | 5,943,105 | 5,943,105 DOJA Shares |
| DOJA Performance Warrants \$0.0001 – October 1, 2019 | 3,081,833 | 3,081,833 DOJA Shares |
| DOJA Performance Warrants \$0.30 – December 1, 2019 | 150,000 | 150,000 DOJA Shares |
| DOJA Performance Warrants \$0.18 – January 31, 2020 | 1,000,000 | 1,000,000 DOJA Shares |
| DOJA Performance Warrants \$0.90 – January 31, 2020 | 650,000 | 650,000 DOJA Shares |
| DOJA Options \$0.75 – Expire five years following completion of the Amalgamation | 100,000 | 100,000 DOJA Shares |

Note:

(1) Prior to the completion of the Amalgamation.

14.3 – Other Listed Securities

Neither the Corporation nor DOJA has any other listed securities reserved for issuance that are not included in section 14.1 or 14.2.

15. EXECUTIVE COMPENSATION

The following table sets forth the anticipated compensation to be paid or awarded to the directors and the following executive officers of the Resulting Issuer: (i) the Chief Executive Officer; (ii) the Chief Financial Officer; (iii) Vice-President, (iv) President after giving effect to the Amalgamation:

| Table of Compensation Excluding Compensation Securities | | | | | | | |
|---|------|---|------------|--------------------------------|---------------------------|--------------------------------------|-------------------------|
| Name & position | Year | Salary, Consulting Fee, Retainer or Commission (\$) | Bonus (\$) | Committee or meeting fees (\$) | Value of Perquisites (\$) | Value of all other compensation (\$) | Total compensation (\$) |
| William Trent Kitsch, CEO and Director ⁽¹⁾ | 2017 | 120,000 | Nil | Nil | Nil | Nil | 120,000 ⁽¹⁾ |
| Ryan Foreman, President, Director ⁽²⁾ | 2017 | 120,000 | Nil | Nil | Nil | Nil | 120,000 ⁽²⁾ |

| | | | | | | | |
|---|------|---------|-----|-----|-----|-----|------------------------|
| Jeffrey Barber, CFO Director ⁽³⁾ | 2017 | 120,000 | Nil | Nil | Nil | Nil | 120,000 ⁽³⁾ |
| Maria Kitsch, Vice-President | 2017 | 60,000 | Nil | Nil | Nil | Nil | 60,000 |
| Patrick Brauckmann, Director | 2017 | Nil | Nil | Nil | Nil | Nil | Nil |
| Stewart Thornhill | 2017 | 90,000 | Nil | Nil | Nil | Nil | 90,000 |

Notes:

(1) Of the Total Compensation expected to be received by Mr. Kitsch, \$0 is expected to be received in his capacity as a Director.

(2) Of the Total Compensation expected to be received by Mr. Foreman, \$0 is expected to be received in his capacity as a Director.

(3) Of the Total Compensation expected to be received by Mr. Barber, \$0 is expected to be received in his capacity as a Director.

Oversight and Description of Director and Named Executive Officer Compensation

The determination of director and NEO compensation and how and when such compensation is to be determined is subject to the consideration of the Resulting Issuer's board of directors.

16. INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

At any time since the beginning of the most recently completed financial years of the Corporation or DOJA, no director, executive officer or other senior officer of the Corporation or DOJA or person who acted in such capacity in the last financial year of the Corporation or DOJA, or proposed director or officer of the Resulting Issuer or any Associate of any such director or officer is, or has been, indebted to the Corporation or DOJA, as applicable, nor has any such persons indebtedness to another entity been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or DOJA or a subsidiary thereof.

17. RISK FACTORS

Risks Related to the Operations of the Corporation

Dried Marijuana is Not an Approved Drug or Medicine

Dried marijuana is not an approved drug or medicine in Canada. The Government of Canada does not endorse the use of marijuana, but the courts have required reasonable access to a legal source of marijuana when authorized by a healthcare practitioner.

The Corporation is Not a Licensed Seller Under the ACMPR

On June 16, 2017, DOJA received its License from Health Canada under the ACMPR. DOJA has not yet received a license to sell medical marijuana. DOJA's ability to sell medical marijuana in Canada is dependent on obtaining a license from Health Canada and there can be no assurance that DOJA will obtain such a license.

DOJA's success to date includes:

- DOJA has received a license to cultivate cannabis under ACMPR. This license is the first part of a two part staged licensing process mandated by Health Canada;
- DOJA personnel have passed through the security clearance stage of the licensing process; and
- DOJA has completed the build-out of its Facility.

DOJA's License is subject to DOJA meeting ongoing compliance and reporting requirements. Failure to comply with the requirements of the License or any failure to maintain the License could have a material adverse impact on the business, financial condition and operating results of the DOJA. Furthermore, the License has an expiry date of June 16, 2020. Upon expiration of the License, DOJA would be required to submit an application for renewal to Health Canada containing information prescribed under the ACMPR and renewal cannot be assured.

Licensing Requirements Under the ACMPR

The market for cannabis (including medical marijuana) in Canada is regulated by the Controlled Drugs and Substances Act ("**CDSA**"), the ACMPR, the Narcotic Control Regulations, and other applicable law. Health Canada is the primary regulator of the industry as a whole. The ACMPR aims to treat cannabis like any other narcotic used for medical purposes by creating conditions for a new commercial industry that is responsible for its production and distribution.

Any applicant seeking to become a Licensed Producer under the ACMPR is subject to stringent Health Canada licensing requirements. The below table provides a general overview of the licensing process as described by Health Canada.

| Stage | Overview |
|---------|---|
| Stage 1 | Preliminary Screening: When an application is received, it undergoes a preliminary screening for completeness. If an application is not complete, it will be returned. If an application is complete, it will be assigned an application number. The application number means that the application has completed the preliminary screening. |
| Stage 2 | Enhanced Screening: Once an application has been assigned an application number, it will be reviewed to ensure: that the location of the proposed site does not pose a risk to public health, safety and security; that the proposed security measures outlined in the application meet the requirements of the ACMPR; and the proposed quality assurance person has the appropriate credentials to meet the good production requirements outlined in Part 1, Subdivision D of the ACMPR. It is the responsibility of the applicant to ensure that they are in compliance with all applicable provincial, territorial, and municipal legislation, regulations and bylaws, including zoning restrictions. |

| | |
|--|---|
| Stage 3 | <p>Security Clearance: Once the screening of an application is complete, the security clearance forms for key personnel will be sent for processing. The time required to conduct mandatory security checks varies with each application. Security clearances generally take several months at a minimum. Health Canada and the RCMP are not able to provide updates on the status of security checks.</p> <p>Applications will only advance to the review stage once the security clearances for the key personnel are completed. Please note that until such a time as Health Canada receives the results of the security checks, there will be no further communication from Health Canada.</p> |
| Stage 4 | <p>Review: Once all security clearances are obtained, an application will be thoroughly reviewed to validate the information provided. Given the extensive review process, applicants are generally required to communicate with the Office of Controlled Substances multiple times to provide clarifications on the application. Physical security plans will be reviewed and assessed in detail at this stage. Applicants must meet a minimum of a level 7 (pursuant to the physical security directive) to be considered for a license.</p> |
| Stage 5 | <p>Pre-Licence Inspection: Upon confirmation from the applicant that the site has been fully built and security measures are in place, a pre-licence inspection will be scheduled. If any deficiencies are identified, they will be communicated to the applicant and must be addressed prior to a licence being issued.</p> |
| Stage 6 DOJA's current stage of the licensing process | <p>Licensing: Once it has been confirmed through the pre-licence inspection that the applicant meets all the requirements of the ACMPR, a licence will be issued. Health Canada has introduced a staged process for the issuance of licences. Applicants will first be issued a licence to produce only. This will enable Health Canada inspectors to confirm that the first batch of dried marijuana produced meets the good production practices and record keeping requirements outlined in the ACMPR. It also allows Health Canada to verify the test results of the dried marijuana (e.g. for microbial and chemical contaminants) to ensure that the dried marijuana meets all quality control requirements before it is made available for sale.</p> <p>Once a Licensed Producer has finished producing the first crop of marijuana, they must demonstrate through an inspection and test results that the planned growing processes will result in the production of a dried product that meets the licensed producer's specified quality control standards and the Good Production Practices set out in Division 4 of the ACMPR. Only once Health Canada is satisfied the licensed producer meets the requirements of Part 1, Subdivision D of the ACMPR will a license be amended to allow sale to the public.</p> |

Applicants and Licensed Producers are required to demonstrate compliance with regulatory requirements, such as quality control standards, record-keeping of all activities as well as inventories of marijuana, and physical security measures to protect against potential diversion. Licensed producers are also required to employ qualified quality assurance personnel who ultimately approve the quality of the product prior to making it available for sale. This approval process includes testing (and validation of testing) for microbial and chemical contaminants to ensure that they are within established tolerance

limits for herbal medicines for human consumption as required under the Food and Drugs Act, and determining the percentage by weight of the two active ingredients of marijuana, delta-9-Tetrahydrocannabinol and cannabidiol.

Timeframes and Cost to Obtain a License to Sell Under the ACMPR

The timeframes and costs required for the Corporation or any applicant for a License under the ACMPR to build the infrastructure required, to apply for, and to receive, a License can be significant. The current backlog of applications from other licensees with Health Canada and the anticipated timeframe for processing and approval of any application for a license to sell medical marijuana cannot be reliably determined at this time.

Regulatory Risks

The proposed activities of the Corporation will be subject to regulation by governmental authorities, particularly Health Canada's Office of Controlled Substances. The Corporation's business objectives are contingent upon, in part, compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products. The Corporation cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of the Corporation.

Furthermore, although the operations of the Corporation are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail the Corporation's ability to produce or sell medical marijuana. Amendments to current laws and regulations governing the importation, distribution, transportation and/or production of medical marijuana, or more stringent implementation thereof could have a substantial adverse impact on the Corporation.

Governmental Regulations and Risks

The Corporation's License is subject to environmental regulation. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Corporation's operations.

Government approvals and permits are currently, and may in the future, be required in connection with the Corporation's operations. To the extent such approvals are required and not obtained, the Corporation may be curtailed or prohibited from its proposed production of medical marijuana or from proceeding with the development of its operations as currently proposed.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. The Corporation may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing the production of medical marijuana, or more stringent implementation thereof, could have a material adverse impact on the Corporation and cause increases in expenses, capital expenditures or production costs or reduction in levels of production or require abandonment or delays in development.

Change in Laws, Regulations and Guidelines

The Resulting Issuer's operations will be subject to various laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of medical marijuana, as well as being subject to laws and regulations relating to health and safety, the conduct of operations and the protection of the environment.

On October 19, 2015, the Liberal Party of Canada obtained a majority government in Canada. The Liberal Party has committed to the legalization of recreational cannabis in Canada. On June 30, 2016, the Canadian Federal Government established the Task Force on Cannabis Legalization and Regulation to seek input on the design of a new system to legalize, strictly regulate and restrict access to marijuana. The Task Force has completed its review and published a report dated November 30, 2016, which outlines its recommendations. It is expected that the Canadian Federal Government will introduce legislation for the legalization of marijuana in the spring of 2017. The impact of such regulatory changes on the Corporation's business is unknown, and the proposed regulatory changes may not be implemented at all.

On August 11, 2016, Health Canada announced the new ACMPR which came into force on August 24, 2016, replacing the MMPR as the regulations governing Canada's medical cannabis program. The ACMPR was implemented as a result of the Federal Court ruling in the case of *Allard v. Canada* (the "**Allard Decision**"). In the *Allard Decision* the Federal Court found the MMPR to be unconstitutional and of no force and effect, but suspended its declaration of invalidity for six months in order to give the government time to respond.

As per Health Canada's statement and corresponding fact sheet released on August 11, 2016, the ACMPR allows Canadians who have been authorized by their health care practitioner, and who are registered with Health Canada, to produce a limited amount of medical marijuana for their own medical purposes, or to designate someone who is registered with Health Canada to produce it for them. Starting materials such as plants or seeds are to be obtained from Licensed Producers only. Individuals will also continue to have the option to purchase quality controlled medical marijuana from licensed producers such as DOJA,

assuming it acquires the appropriate licenses. It is possible that such developments could significantly reduce the addressable market for the Resulting Issuer's products and materially and adversely affect the business, financial condition and results of operations of the Resulting Issuer.

The Canadian Federal Government's Task Force sought input on the design of a new system to legalize, strictly regulate and restrict access to marijuana. The Task Force has completed its review in a report dated November 30, 2016 which outlines their 25 recommendations. Their advice will be considered by the Government of Canada as a new framework for recreational marijuana is developed. It is possible that such developments could significantly adversely affect the business, financial condition and results of operations of the Resulting Issuer.

On April 13, 2017, the federal government announced legislation to legalize the production and sale of cannabis. It is currently expected that this new legislation will be in effect by the end of June 2018.

Limited Operating History

While DOJA was incorporated and began carrying on business in 2013, it is yet to generate any significant revenue. The Corporation is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Corporation will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

History of Losses

The Corporation has incurred losses in recent periods. The Corporation may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, the Corporation expects to continue to increase operating expenses as it implements initiatives to continue to grow its business. If the Corporation's revenues do not increase to offset these expected increases in costs and operating expenses, it will not be profitable.

Risks Inherent in an Agricultural Business

The Corporation's business may, in the future, involve the growing of medical marijuana, an agricultural product. Such business will be subject to the risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks. Although all such growing is expected to be completed indoors under climate controlled conditions, there can be no assurance that natural elements will not have a material adverse effect on any such future production.

Energy Costs

The Corporation's medical marijuana growing operations will consume considerable energy, which will make it vulnerable to rising energy costs. Accordingly, rising or volatile energy costs may, in the future, adversely impact the business of the Corporation and its ability to operate profitably.

Reliance on Management

Another risk associated with the production and sale of medical marijuana is the loss of important staff members. The Corporation is currently in good standing with all high level employees and believes that with well managed practices will remain in good standing. The success of the Corporation will be dependent upon the ability, expertise, judgment, discretion and good faith of its senior management and key personnel. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Corporation's business, operating results or financial condition.

Insurance and Uninsured Risks

The Corporation's business is subject to a number of risks and hazards generally, including adverse environmental conditions, accidents, labour disputes and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, environmental damage, delays in operations, monetary losses and possible legal liability.

Although the Corporation maintains and intends to continue to maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations. The Corporation may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards encountered in the operations of the Corporation is not generally available on acceptable terms. The Corporation might also become subject to liability for pollution or other hazards which may not be insured against or which the Corporation may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Corporation to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

The Corporation Will Be an Entrant Engaging in a New Industry

The medical marijuana industry is fairly new. There can be no assurance that an active and liquid market for shares of the Corporation will develop and shareholders may find it difficult to resell their shares. Accordingly, no assurance can be given that the Corporation will be successful in the long term.

Dependence on Suppliers and Skilled Labour

The ability of the Corporation to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to skilled labour, equipment, parts and components. No assurances can be given that the Corporation will be successful in maintaining its required supply of skilled labour, equipment, parts and components. This could have an adverse effect on the financial results of the Corporation.

Reliance on a Single Facility

To date, The Corporation's proposed activities and resources have been primarily focused on the Facility. Adverse changes or developments affecting the Facility could have a material and adverse effect on the Corporation's business, financial condition and prospects.

Difficulty to Forecast

The Corporation must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the medical marijuana industry in Canada. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Corporation.

Management of Growth

The Corporation may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Corporation 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 the Corporation to deal with this growth may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Internal Controls

Effective internal controls are necessary for the Corporation to provide reliable financial reports and to help prevent fraud. Although the Corporation will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Corporation under Canadian securities law, the Corporation cannot be certain that such measures will ensure that the Corporation will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Corporation's results of operations or cause it to fail to meet its reporting obligations. If the Corporation or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Corporation's consolidated financial statements and materially adversely affect the trading price of the Corporation shares.

Liquidity

The Corporation cannot predict at what prices the Corporation will trade upon completion of the Amalgamation, and there can be no assurance that an active trading market in the Corporation will develop or be sustained. Final approval of the CSE has not yet been obtained. There is a significant liquidity risk associated with an investment in the Corporation.

Litigation

The Corporation 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 the Corporation becomes involved be determined against the Corporation such a decision could adversely affect the Corporation's ability to continue operating and the market price for Corporation shares and could use significant resources. Even if the Corporation is involved in litigation and wins, litigation can redirect significant Corporation resources.

Risks Related to the Medical Marijuana Industry

Legislative or Regulatory Reform

The Corporation's operations will be subject to a variety of laws, regulations, guidelines and policies relating to the manufacture, import, export, management, packaging/labeling, advertising, sale, transportation, storage and disposal of medical marijuana but also including laws and regulations relating to drugs, controlled substances, health and safety, the conduct of operations and the protection of the environment. Due to matters beyond the control of the Corporation, these laws, regulations, guidelines and policies may cause adverse effects to its operations.

The commercial medical marijuana industry is a new industry and the Corporation anticipates that such regulations will be subject to change as the Federal Government monitors licensed producers in action.

Unfavourable Publicity or Consumer Perception

Management of the Corporation believes the medical marijuana industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the medical marijuana produced. Consumer perception of the Corporation's proposed products may be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medical marijuana 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 medical marijuana 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 the Corporation's proposed products and the business, results of operations, financial condition and cash flows of the Corporation. The Corporation'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 the Corporation, the demand for the Corporation's proposed products, and the business, results of operations, financial

condition and cash flows of the Corporation. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of medical marijuana in general, or the Corporation's proposed products specifically, or associating the consumption of medical marijuana 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.

Product Liability

If licensed as a distributor of products designed to be ingested by humans, the Corporation faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the sale of the Corporation's products would 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 the Corporation's products alone or in combination with other medications or substances could occur. The Corporation may be subject to various product liability claims, including, among others, that the Corporation's products caused injury or illness, 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 Corporation could result in increased costs, could adversely affect the Corporation's reputation with its clients and consumers generally, and could have a material adverse effect on the results of operations and financial condition of the Corporation. There can be no assurances that the Corporation will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of the Corporation's potential products.

Product Recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of the Corporation's products are recalled due to an alleged product defect or for any other reason, the Corporation could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Corporation may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although the Corporation has detailed procedures in place for testing its products, there can be no assurance 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 Corporation's significant brands were subject to recall, the image of that brand and the Corporation could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the Corporation's products and could have a material adverse effect on the results of operations and financial condition of the Corporation. Additionally, product recalls may lead to increased scrutiny of the Corporation's operations by Health Canada or other regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Competition

If the Corporation is successful in securing a License, the Corporation will face intense competition from other companies, some of which have longer operating histories and more financial resources and manufacturing and marketing experience than the Corporation. Increased competition by larger and better financed competitors could materially and adversely affect the proposed business, financial condition and results of operations of the Corporation. In addition, the government has only issued to date a small number of licenses under the ACMPR to produce and sell medical marijuana. There are, however, several hundred applicants for licenses. The number of licenses granted could have an impact on the operations of the Corporation. Because of the early stage of the industry in which the Corporation operates, the Corporation expects to face additional competition from new entrants. If the number of users of medical marijuana in Canada increases, the demand for products will increase and the Corporation 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 Corporation will require a continued high level of investment in research and development, marketing, sales and client support. The Corporation 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 DOJA.

18. PROMOTERS

18.1 – 18.3 – Promoter Consideration

Trent Kitsch and Ryan Foreman can be considered promoters of the resulting issuer in that they each took part in founding and organizing the business of DOJA and substantially reorganizing the business of the Corporation.

Neither the Corporation nor DOJA is a party to any written or oral agreement or understanding to provide any promotional or investor relations services for the Corporation or DOJA, respectively.

19. LEGAL PROCEEDINGS

19.1 Legal Proceedings

To the knowledge of the management of the Corporation, there are no actual or contemplated material legal proceedings to which the Corporation is a party.

19.2 Regulatory Actions

The Corporation is not subject to any penalties or sanctions imposed by any court or regulatory authority relating to securities legislation or by a securities regulatory authority, nor has the Corporation entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that are necessary to provide full, true and plain disclosure of all material facts relating to the Corporation's securities or would be likely to be considered important to a reasonable investor making an investment decision.

20. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The Corporation transacts with related parties in the normal course of business. These transactions are measured at their exchange amounts.

During the year ended March 31, 2017, DOJA did not enter into any other material transactions with related parties outside of those noted elsewhere in this Listing Statement.

21. AUDITORS, TRANSFER AGENTS AND REGISTRARS

21.1 Auditors

The auditors of the Corporation are Morgan & Company LLP, Chartered Professional Accountants at its office located at Suite 1630, 609 Granville Street, Vancouver, British Columbia, V7Y 1A1.

The auditors of DOJA are MNP LLP, Chartered Professional Accountants, at its office located at Suite 300, 111 Richmond Street West, Toronto, Ontario, M5H 2G4.

21.2 Transfer Agent and Registrar

The transfer agent and registrar of the Corporation is CST Trust Company, at its office located at Suite 1600, 1066 West Hastings Street, Vancouver, British Columbia, V6E 3X1.

22. MATERIAL CONTRACTS

During the course of the two years prior to the date of the Listing Statement, the Corporation and DOJA have entered into the following material contracts, other than contracts entered into in the ordinary course of business:

- (a) the Amalgamation Agreement (see *Item 3.1 – General Development of the Business*); and
- (b) the Escrow Agreement (see *Item 11 – Escrow*).

22.2 Special Agreements

This section is not applicable to the Corporation or DOJA.

23. INTEREST OF EXPERTS

No person or corporation whose profession or business gives authority to a statement made by the person or corporation and who is named as having prepared or certified a part of this Listing Statement or as having prepared or certified a report or valuation described or included in this Listing Statement holds any beneficial interest, direct or indirect, in any securities or property of the Corporation or of an Associate or Affiliate of the Corporation and no such person is expected to be elected, appointed or employed as a director, senior officer or employee of the corporation or of an Associate or Affiliate of the

Corporation and no such person is a promoter of the corporation or an Associate or Affiliate of the Corporation. Morgan & Company LLP, Chartered Professional Accountants, is independent of the Corporation in accordance with the rules of professional conduct of the Institute of Chartered Professional Accountants of British Columbia. MNP LLP, Chartered Professional Accountants, is independent of the Corporation and DOJA in accordance with the rules of professional conduct of the Institute of Chartered Professional Accountants of Ontario.

24. OTHER MATERIAL FACTS

Other than as set out elsewhere in this Listing Statement, there are no other material facts about the Corporation, DOJA, or their respective securities which are necessary in order for this Listing Statement to contain full, true and plain disclosure of all material facts relating to the Corporation and its respective securities.

25. FINANCIAL STATEMENTS

25.1 Financial Statements of the Corporation and DOJA

Schedule “A” contains a pro forma financial statement of the Resulting Issuer as at March 31, 2017 after giving effect to the Amalgamation as if it had been completed on that date.

Schedule “B” contains the unaudited interim financial statements of the Corporation for the three-month period ended March 31, 2017 and the audited financial statements of the Corporation for the years ended December 31, 2016, 2015 and 2014.

Schedule “E” contains the audited financial statements of DOJA for the year ended March 31, 2017 and 2016.

CERTIFICATE OF THE ISSUER

Pursuant to a resolution duly passed by its Board of Directors, SG Spirit Gold Inc., hereby applies for the listing of the above mentioned securities on the Canadian Securities Exchange. The foregoing contains full, true and plain disclosure of all material information relating to SG Spirit Gold Inc. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Vancouver, British Columbia this 31st day of July, 2017.

"Richard Grayston" (signed)

Richard Grayston
Chief Executive Officer

"Mark Ferguson" (signed)

Mark Ferguson
Chief Financial Officer

"Richard Ko" (signed)

Richard Ko
Director

CERTIFICATE OF THE TARGET

The foregoing contains full, true and plain disclosure of all material information relating to Northern Lights Marijuana Company Limited. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Kelowna, British Columbia this 31st day of July, 2017.

"William Trent Kitsch" (signed)

William Trent Kitsch
Chief Executive Officer

"Maria Kitsch" (signed)

Maria Kitsch
Director

" Ryan Foreman" (signed)

Ryan Foreman
Director

"William Trent Kitsch" (signed)

William Trent Kitsch
Promoter

" Ryan Foreman " (signed)

Ryan Foreman
Promoter

SCHEDULE "A"
PRO FORMA FINANCIAL STATEMENTS
(See attached)

Northern Lights Marijuana Company Ltd.

(Formerly SG Spirit Gold Inc.)

Unaudited pro forma consolidated statement of financial position as at March 31, 2017

(Expressed in Canadian Dollars, unless otherwise noted)

| | SG Spirit Gold Inc. | Northern Lights Marijuana Company Limited | Note 5 | Adjustments | Total |
|--|---------------------|---|--------|-------------|-------------|
| | \$ | \$ | | \$ | \$ |
| Assets | | | | | |
| Current assets | | | | | |
| Cash | 168,780 | 1,896,364 | (e) | 2,993,902 | 4,909,046 |
| | | | (i) | (150,000) | |
| Short term investments | - | 1,300 | | - | 1,300 |
| Amounts receivable | 2,126 | 3,749 | | - | 5,875 |
| Subscriptions receivable | - | 347,500 | | - | 347,500 |
| Other receivables | - | 85,723 | | - | 85,723 |
| Total current assets | 170,906 | 2,334,636 | | 2,843,902 | 5,349,444 |
| Non-current assets | | | | | |
| Property and equipment | - | 2,448,212 | | - | 2,448,212 |
| Total assets | 170,906 | 4,782,848 | | 2,843,902 | 7,797,656 |
| Liabilities | | | | | |
| Current liabilities | | | | | |
| Accounts payable and accrued liabilities | 72,114 | 203,962 | | - | 276,076 |
| Current portion of mortgage payable | - | 13,387 | | - | 13,387 |
| Total current liabilities | 72,114 | 217,349 | | - | 289,463 |
| Non-current liabilities | | | | | |
| Mortgage payable | - | 582,114 | | - | 582,114 |
| Total liabilities | 72,114 | 799,463 | | - | 871,577 |
| Shareholders' (Deficit) Equity | | | | | |
| Share capital | 5,504,592 | 4,451,420 | (a) | (5,504,592) | 9,980,565 |
| | | | (d) | 2,535,243 | |
| | | | (e) | 2,993,902 | |
| Reserves | 2,070,121 | 760,379 | (c) | (2,070,121) | 2,228,627 |
| | | | (d) | 1,307,796 | |
| | | | (f) | 60,171 | |
| | | | (g) | 93,703 | |
| | | | (h) | 6,578 | |
| Deficit | (7,475,921) | (1,228,414) | (b) | 7,475,921 | (5,283,113) |
| | | | (d) | (3,744,247) | |
| | | | (f) | (60,171) | |
| | | | (g) | (93,703) | |
| | | | (h) | (6,578) | |
| | | | (i) | (150,000) | |
| Total shareholders' (deficit) equity | 98,792 | 3,983,385 | | 2,843,902 | 6,926,079 |
| Total liabilities and shareholders' equity | 170,906 | 4,782,848 | | 2,843,902 | 7,797,656 |

See accompanying notes to the unaudited pro forma financial statement

Northern Lights Marijuana Company Ltd.

(Formerly SG Spirit Gold Inc.)

Notes to the unaudited pro forma consolidated statement of financial position (in Canadian dollars, unless otherwise noted)

March 31, 2017

1. Basis of presentation

The unaudited pro forma consolidated statement of financial position of SG Spirit Gold Inc. (the "Company") as at March 31, 2017 (the "Pro Forma Financial Statements"), has been prepared by management based on historical financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), for illustrative purposes only, after giving effect to the proposed transaction between the Company and Northern Lights Marijuana Company Limited ("NLMCO") on the basis of the assumptions and adjustments described in notes 2, 3, 4 and 5.

The unaudited pro forma consolidated statement of financial position has been derived from:

- (a) the unaudited statement of financial position of the Company as at December 31, 2017; and
- (b) the unaudited statement of financial position of NLMCO as at March 31, 2017.

Unless otherwise noted, the unaudited pro forma consolidated statements of financial position and the accompanying notes are presented in Canadian dollars.

It is management's opinion that the unaudited Pro Forma Financial Statements, include all adjustments necessary for the fair presentation, in all material respects, of the transactions described in notes 3 and 4 in accordance with IFRS, applied on a basis consistent with the NLMCO's accounting policies, except as otherwise noted. The unaudited Pro Forma Financial Statements are not necessarily indicative of the financial position that would have resulted if the combination had actually occurred on March 31, 2017.

The unaudited Pro Forma Financial Statements should be read in conjunction with the historical financial statements and notes thereto of the Company and NLMCO, included elsewhere in this Listing Statement.

2. Significant accounting policies

The unaudited Pro Forma Financial Statements have been compiled using the significant accounting policies, as set out in the audited consolidated financial statements of NLMCO as at and for the year ended March 31, 2017. Management has determined that no material pro forma adjustments are necessary to conform the Company's accounting policies to the accounting policies used by NLMCO in the preparation of its financial statements.

3. The transaction

- a) The Company and NLMCO have entered into an agreement pursuant to which the Company will acquire all of the issued and outstanding shares of NLMCO in consideration for securities of the Company.
- b) The Company completes a 3-for-1 consolidation of its common shares and dilutive instruments.
- c) NLMCO completes a financing raising gross proceeds of \$3,057,162 through the sale of 3,396,847 common shares at \$0.90 per share as part of the transaction (pre-exchange ratio).
- d) NLMCO and a subsidiary of the Company will amalgamate and continue as one corporation. Former NLMCO securityholders shall exchange their common shares, stock options, and warrants of NLMCO for 1.8 replacement common shares, stock options, and warrants of the Company.
- e) Upon completion of the transaction, the former shareholders of NLMCO will become the controlling shareholders of the Company. This type of share exchange, referred to as a reverse acquisition ("RTO"), deems NLMCO to be the acquirer for accounting purposes. In connection with the transaction, the Company intends to change its name to "Northern Lights Marijuana Company Ltd." or such other name as may be agreed by the parties.

The acquisition is subject, but not limited, to regulatory and shareholder approvals.

Northern Lights Marijuana Company Ltd.

(Formerly SG Spirit Gold Inc.)

Notes to the unaudited pro forma consolidated statement of financial position (in Canadian dollars, unless otherwise noted)

March 31, 2017

4. Accounting for RTO

The Transaction has been accounted for in accordance with IFRS 2, which results in the following:

- o NLMCO is deemed to be the acquirer and the Company is deemed to be the acquiree for accounting purposes;
- o accordingly, NLMCO's balances are accounted for at cost and the Company is accounted for at fair value;
- o since the Company's operations do not constitute a business, the transaction has been accounted for as a reverse acquisition that is not a business combination;
- o therefore, the Company's share capital, deficit and equity reserves will be eliminated, the consideration transferred by the Company will be allocated to share capital and transaction costs will be expensed;
- o the capital structure recognized in the consolidated financial statements will be that of the Company, but the dollar amount of the issued share capital in the unaudited pro forma consolidated statement of financial position immediately prior to acquisition will be that of NLMCO, plus the value of shares issued by the Company to acquire NLMCO, plus any shares issued by the Company prior to or as part of the transaction.

5. Pro forma assumptions and adjustments

The unaudited pro forma consolidated statement of financial position reflects the following assumptions and adjustments:

- (a) A reduction in share capital of \$5,504,592 to eliminate the Company's historical share capital.
- (b) An adjustment of \$7,475,921 to eliminate the Company's historical deficit.
- (c) An adjustment of \$2,070,121 to eliminate the Company's historical equity reserves.
- (d) Since the Company's operations do not constitute a business, the consideration transferred by the Company will be allocated to share capital and transaction costs will be expensed. An increase in share capital of \$2,535,243, an increase in reserves of \$1,307,796 and an increase in transaction costs of \$3,744,247 has been allocated based on the following:

Consideration transferred:

| | | |
|--|----|------------------|
| 5,070,486 shares (post-consolidation) at a price of \$0.50 per share | \$ | 2,535,243 |
| 3,400,000 warrants (post-consolidation) at a value of \$0.50 per warrant | | 1,307,796 |
| | \$ | <u>3,843,039</u> |

Allocation:

| | | |
|--|----|------------------|
| Cash | \$ | 168,780 |
| Amounts receivable | | 2,126 |
| Prepaid expenses | | - |
| Accounts payable and accrued liabilities | | (72,114) |
| Transaction costs | | 3,744,247 |
| | \$ | <u>3,843,039</u> |

- (e) An increase in share capital of \$2,993,902 from issuance of 3,396,847 shares of NLMCO as part of a private placement subsequent to the period, an increase in cash of \$2,993,902, net of issuance costs of \$63,260.

Northern Lights Marijuana Company Ltd.

(Formerly SG Spirit Gold Inc.)

Notes to the unaudited pro form consolidated statement of financial position (in Canadian dollars, unless otherwise noted)

March 31, 2017

5. Pro forma assumptions and adjustments (continued)

- (f) To reflect the issuance by NLMCO of 100,000 stock options as part of the transaction, resulting in an increase in reserves of \$60,171. These options vest based on certain performance criteria and were valued using the Black-Scholes Option Pricing Model using a volatility of 80%, risk free rate of 0.73%, expected life of 5 years and dividend yield of 0%.
- (g) To reflect the issuance by NLMCO of 150,000 performance warrants subsequent to the period, resulting in an increase in warrants of \$93,703. These warrants vest based on certain performance criteria and were valued using the Black-Scholes Option Pricing Model using a volatility of 80%, risk free rate of 0.73%, expected life of 5 years and dividend yield of 0%.
- (h) To reflect the issuance by the Company of 33,333 stock options (post-consolidation) as part of the transaction, resulting in an increase in reserves of \$6,578. These options vest based on certain performance criteria and were valued using the Black-Scholes Option Pricing Model using a volatility of 80%, risk free rate of 0.73%, expected life of 5 years and dividend yield of 0%.
- (i) A decrease in cash and a corresponding increase in transaction costs in the amount of \$150,000 representing estimated costs incurred related to the transaction.

6. Pro forma share capital

| | <u>Number</u> | <u>Amount</u> |
|---|-------------------|---------------------|
| The Company's common shares outstanding - March 31, 2017 | 15,211,457 | \$ 5,504,592 |
| Consolidation of the Company's shares at the exchange ratio | (10,140,971) | - |
| Common shares issued to NLMCO's shareholders | 47,568,118 | 4,451,420 |
| Reverse takeover adjustment - the Company's common shares (note 5(a)) | - | (5,504,592) |
| Consideration transferred to shareholders of the Company (note 5(d)) | - | 2,535,243 |
| Shares issued to NLMCO shareholders in private placement subsequent to the period (note 5(e)) | 6,114,325 | 2,993,902 |
| Pro forma share capital - March 31, 2017 | <u>58,752,929</u> | <u>\$ 9,980,565</u> |

7. Pro forma options and performance warrants reserve

| | <u>Amount</u> |
|--|-------------------|
| The Company's options and performance warrants reserve - March 31, 2017 | \$ 42,825 |
| NLMCO's options and performance warrants reserve - March 31, 2017 | 645,228 |
| Elimination of the Company's options and agent's warrant reserve (note 5(c)) | (42,825) |
| Issuance of stock options to as described in note 5(f) | 60,171 |
| Issuance of NLMCO's performance warrants as described in note 5(g) | 93,703 |
| Issuance of stock options to as described in note 5(h) | 6,578 |
| Pro forma contributed surplus - March 31, 2017 | <u>\$ 805,680</u> |

8. Pro forma warrant reserve

| | <u>Number</u> | <u>Amount</u> |
|---|------------------|---------------------|
| The Company's warrant reserve - March 31, 2017 | 10,200,000 | 2,027,296 |
| Consolidation of the Company's warrants at the exchange ratio | (6,800,000) | - |
| Elimination of the Company's warrant reserve (note 5(c)) | - | (2,027,296) |
| NLMCO's warrants reserve - March 31, 2017 | 5,943,105 | 115,151 |
| Consideration transferred to warrant holders of the Company (note 5(d)) | - | 1,307,796 |
| Pro forma warrants - March 31, 2017 | <u>9,343,105</u> | <u>\$ 1,422,947</u> |

Northern Lights Marijuana Company Ltd.

(Formerly SG Spirit Gold Inc.)

Notes to the unaudited pro form consolidated statement of financial position (in Canadian dollars, unless otherwise noted)

March 31, 2017

9. Pro forma stock options and performance warrants

| | <u>Weighted average remaining life (yrs)</u> | <u>Number outstanding</u> | <u>Number vested</u> | <u>Weighted average exercise price</u> |
|--|--|-------------------------------|--------------------------|--|
| The Company's options as at March 31, 2017 (post-consolidation) | 4.67 | 86,667 | 86,667 | \$ 0.42 |
| Issuance of the Company's options as described in note 5(h) ⁽¹⁾ | 5.00 | 33,333 | 33,333 | \$ 1.71 |
| NLMCO performance warrants issued as at March 31, 2017 | 2.57 | 7,616,399 | - | 0.10 |
| NLMCO options issued subsequent to the period ⁽¹⁾ | 5.00 | 180,000 | 180,000 | 0.42 |
| NLMCO performance warrants issued subsequent to the period ⁽¹⁾ | 5.00 | 270,000 | 270,000 | 0.38 |
| Pro forma stock options and performance warrants - March 31, 2017 | | 8,186,399 | 570,000 | \$ 0.12 |

(1) assumes all stock options and performance warrants granted vest immediately.

10. Pro forma warrants

| | <u>Weighted average remaining life (yrs)</u> | <u>Number outstanding</u> | <u>Exercise price</u> |
|--|--|-------------------------------|-----------------------|
| The Company's warrants as at March 31, 2017 (post-consolidation) | 3.84 | 3,400,000 | \$ 0.18 |
| NLMCO warrants issued as at March 31, 2017 | 1.88 | 10,697,589 | 0.81 |
| Pro forma warrants - March 31, 2017 | | 14,097,589 | \$ 0.66 |

11. Pro forma deficit

| | <u>Amount</u> |
|--|---------------------|
| The Company's deficit - March 31, 2017 | \$ 7,475,921 |
| NLMCO's deficit - March 31, 2017 | 1,228,414 |
| Elimination of the Company's deficit (note 5(b)) | (7,475,921) |
| Additional transaction costs in note 5(d) | 3,744,247 |
| To record the issuance of NLMCO stock options as described in note 5(f) | 60,171 |
| To record the issuance of NLMCO performance warrants as described in note 5(g) | 93,703 |
| To record the issuance of NLMCO stock options as described in note 5(h) | 6,578 |
| Additional transaction costs in note 5(i) | 150,000 |
| Pro forma deficit - March 31, 2017 | \$ 5,283,113 |

12. Pro forma income taxes

The Company expects to have an effective pro forma income tax rate of 26%.

SCHEDULE "B"
FINANCIAL STATEMENTS OF SG SPIRIT GOLD INC.
(See attached)

SG SPIRIT GOLD INC.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2017

(Unaudited – Expressed in Canadian Dollars)

SG SPIRIT GOLD INC.

Consolidated Interim Statement of Financial Position
(Unaudited - Expressed in Canadian Dollars)

| | March 31 2017 | December 31 2016 |
|---|------------------|---------------------|
| ASSETS | | |
| Current assets | | |
| Cash | \$ 168,780 | \$ 93,177 |
| Amounts receivable | 2,126 | 936 |
| Total assets | \$ 170,906 | \$ 94,113 |
| LIABILITIES | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | \$ 72,114 | \$ 106,668 |
| Total liabilities | 72,114 | 106,668 |
| SHAREHOLDERS' EQUITY (DEFICIENCY) | | |
| Share capital (note 4) | 5,504,592 | 5,358,192 |
| Reserves (note 4) | 2,070,121 | 2,070,121 |
| Deficit | (7,475,921) | (7,440,868) |
| Total equity (deficiency) | 98,792 | (12,555) |
| Total liabilities and equity (deficiency) | \$ 170,906 | \$ 94,113 |

Nature of operations and going concern (note 1)

Events after the reporting period (note 9)

Approved on behalf of the Board

Director "Richard W. Grayston"
Richard W. Grayston

Director "Mark Ferguson"
Mark Ferguson

The accompanying notes are an integral part of these consolidated interim financial statements

SG SPIRIT GOLD INC.

Consolidated Interim Statement of Operations and Comprehensive Loss
(Unaudited - Expressed in Canadian Dollars)

| | For the three months ended | |
|---|-----------------------------------|-------------------|
| | March 31 | |
| | 2017 | 2016 |
| EXPENSES | | |
| Consulting fees | \$ 7,500 | \$ 1,000 |
| Filing fees | 8,700 | 5,520 |
| Interest | - | 1,225 |
| Management fees (note 5) | (1,500) | 4,000 |
| Office | 854 | 1,387 |
| Professional fees | 17,914 | 33,396 |
| Share based compensation | - | 70,537 |
| Transfer agent fees | 1,585 | - |
| Travel | - | 21,567 |
| Net and comprehensive loss for the period | \$ 35,053 | \$ 138,632 |
| Basic and diluted loss per share | \$ 0.00 | \$ 0.02 |
| Weighted average number of common shares outstanding | 14,319,902 | 7,808,124 |

The accompanying notes are an integral part of these consolidated interim financial statements

SG SPIRIT GOLD INC.

Consolidated Interim Statement of Cash Flow
(Unaudited - Expressed in Canadian Dollars)

| | For the three months ended | |
|--|-----------------------------------|------------------|
| | March 31 | |
| | 2017 | 2016 |
| Cash provided by (used in): | | |
| Operating activities | | |
| Net loss for the period | \$ (35,053) | \$ (138,632) |
| Items not affecting cash: | | |
| Depreciation | - | 90 |
| Share based compensation | - | 70,537 |
| Change in non-cash working capital: | | |
| Amounts receivable | (1,190) | (2,139) |
| Accounts payable and accrued liabilities | (34,554) | (430,032) |
| Net cash flows used in operating activities | (70,797) | (500,176) |
| Financing activities | | |
| Proceeds from private placement, gross | - | 601,839 |
| Share purchase warrants exercised | 110,000 | - |
| Stock options exercised | 36,400 | - |
| Loan and interest repayments | - | (38,037) |
| Loan advances | - | 2,500 |
| Net cash flow from financing activities | 146,400 | 566,302 |
| Change in cash during the period | 75,603 | 66,126 |
| Cash (bank indebtedness), beginning of the period | 93,177 | (431) |
| Cash, end of the period | \$ 168,780 | \$ 65,695 |

The accompanying notes are an integral part of these consolidated interim financial statements

SG SPIRIT GOLD INC.

Consolidated Interim Statement of Changes in Deficiency
(Unaudited - Expressed in Canadian Dollars)

| | Number of Shares | Share Capital | Reserves | Deficit | Total Equity (Shareholders') Deficiency |
|---|---------------------|---------------|--------------|----------------|--|
| Balance at January 1, 2016 | 951,457 | \$ 4,689,253 | \$ 2,027,276 | \$ (7,229,530) | \$ (513,001) |
| Shares issued in private placement (note 4) | 12,100,000 | 605,000 | - | - | 605,000 |
| Shares issue costs | - | (3,161) | - | - | (3,161) |
| Share based compensation | - | - | 70,537 | - | 70,537 |
| Net loss for the period | - | - | - | (138,632) | (138,632) |
| Balance at March 31, 2016 | 13,051,457 | 5,291,092 | 2,097,813 | (7,368,162) | 20,743 |
| Balance at January 1, 2017 | 13,851,457 | 5,358,192 | 2,070,121 | (7,440,868) | (12,555) |
| Warrants exercised (note 4) | 1,100,000 | 110,000 | - | - | 110,000 |
| Options exercised (note 4) | 260,000 | 36,400 | - | - | 36,400 |
| Net loss for the period | - | - | - | (35,053) | (35,053) |
| Balance at March 31, 2017 | 15,211,457 | \$ 5,504,592 | \$ 2,070,121 | \$ (7,475,921) | \$ 98,792 |

The accompanying notes are an integral part of these consolidated interim financial statements

SG SPIRIT GOLD INC.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period ended March 31, 2017

(Unaudited - Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

SG Spirit Gold Inc. (the "Company") is an exploration stage company whose common shares trade on the TSX Venture Exchange and is in the business of identification, acquisition and exploration of mineral interests. All of the Company's exploration and evaluation assets are located in Canada. The address of the Company's registered office is 2200 – 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8.

These financial statements were authorized for issue on May 30, 2017 by the directors of the Company.

At the date of the consolidated interim financial statements, the Company has not identified a known body of commercial grade minerals on any of its properties. The ability of the Company to realize the costs it has incurred to date on these properties is dependent upon the Company identifying a commercial mineral body, to finance its development costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the property. To date, the Company has not earned any revenues and is considered to be in the exploration stage.

Management is targeting sources of additional financing through alliances with financial, exploration and mining entities, and other business and financial transactions which would assure continuation of the Company's operations and exploration programs. In addition, management closely monitors commodity prices of precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company if favourable or adverse market conditions occur.

These consolidated interim financial statements have been prepared on a going concern basis which presumes the realization of assets and settlement of liabilities in the normal course of operations in the foreseeable future. The Company has incurred operating losses and at March 31, 2017 has a cumulative deficit of \$7,475,921 (December 31, 2016 - \$7,440,868). The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

These consolidated interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. The aforementioned factors indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. Further discussion of liquidity risk is included in note 7.

SG SPIRIT GOLD INC.**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the period ended March 31, 2017

(Unaudited - Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION**Statement of compliance**

These consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of consolidated interim financial statements, including International Accounting Standards ("IAS") 34, Interim Financial Reporting. These interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's audited annual financial statements for the year ended December 31, 2016, which have been prepared in accordance with IFRS.

These financial statements have been prepared on the historical cost basis. The presentation and functional currency of the Company is the Canadian dollar.

Basis of consolidation

These consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiaries, 0970990 B.C. Ltd. and SG Spirit Subco LLC, both wholly owned subsidiaries in which the Company has control, directly or indirectly, where control is defined as the power to govern the financial operating policies of an enterprise so as to obtain benefits from its activities.

All intercompany balances and transactions have been eliminated on consolidation.

Details of the Company's subsidiaries are as follows:

| Name | Place of incorporation | Interest % | Principal activity |
|---------------------|-------------------------------|-------------------|---------------------------|
| 0970990 B.C. Ltd. | British Columbia, Canada | 100% | Inactive subsidiary |
| SG Spirit Subco LLC | Delaware, USA | 100% | Subsidiary |

SG SPIRIT GOLD INC.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period ended March 31, 2017

(Unaudited - Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES

a) Significant accounting judgments, estimates and assumptions

The preparation of the Company's consolidated interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated interim financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical judgments in applying accounting policies:

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated interim financial statements:

- the determination that the Company will continue as a going concern for the next year; and
- the determination that there have been no events or changes in circumstances that indicate the carrying amount of exploration and evaluation assets may not be recoverable.

b) Impairment

At each reporting period, management reviews all assets for indicators of impairment. If such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction. In assessing value in use, the estimated future cash flows are discounted to their present value. If the recoverable amount of the asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for that period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which that asset belongs.

Past impairments are also considered at each reporting period and where there is an indication that an impairment loss may have decreased, the recoverable amount is calculated as outlined above to determine the extent of the recovery. If the recoverable amount of the asset is more than its carrying amount, the carrying amount of the asset is increased to its recoverable amount and the impairment loss is reversed in the profit or loss for that period. The increased carrying amount due to reversal will not be more than what the depreciated historical cost would have been if the impairment had not been recognized.

SG SPIRIT GOLD INC.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period ended March 31, 2017

(Unaudited - Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

c) Recent accounting pronouncements

New accounting standards issued but not yet effective

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements.

4. SHARE CAPITAL AND RESERVES

Authorized

Unlimited common shares without par value

Issued

On February 9, 2016, the Company completed a non-brokered private placement of 12,100,000 units at a price of \$0.05 per unit for gross proceeds of \$605,000. Each unit consists of one common share of the Company and one share purchase warrant entitling the holder to acquire an additional share at a price of \$0.10 per share for a period of 5 years. The Company paid \$16,061 in share issue costs related to this private placement.

During 2016, 800,000 warrants were exercised resulting in the issuance of 800,000 common shares at \$0.10 per share.

During the three months ended March 31, 2017, 1,100,000 warrants were exercised resulting in the issuance of 1,100,000 common shares at \$0.10 per share.

During the three months ended March 31, 2017, 260,000 stock options were exercised resulting in the issuance of 260,000 common shares at \$0.14 per share.

SG SPIRIT GOLD INC.**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the period ended March 31, 2017

(Unaudited - Expressed in Canadian Dollars)

4. SHARE CAPITAL AND RESERVES (continued)**Warrants**

Details of common share purchase warrants outstanding at March 31, 2017 are as follows:

| | March 31, 2017 | December 31, 2016 | | |
|-------------------------|----------------------|----------------------|----------------|------------------|
| | Outstanding Warrants | Outstanding Warrants | Exercise price | Expiry date |
| Share purchase warrants | | | | |
| Issued | 10,200,000 | 11,300,000 | \$ 0.10 | February 9, 2021 |

Common share purchase warrant transactions during the three month periods ended March 31, 2017 and 2016 are as follows:

| | For the three months ended March 31 | | | | | |
|-----------------------------------|--|---------------------------------|------------|--------------------|---------------------------------|------------|
| | 2017 | | | 2016 | | |
| | Number of Warrants | Weighted average exercise price | Fair Value | Number of Warrants | Weighted average exercise price | Fair Value |
| Outstanding - beginning of period | 11,300,000 | \$ 0.10 | \$ - | - | \$ - | \$ - |
| Exercised | (1,100,000) | 0.10 | - | - | - | - |
| Outstanding - end of period | 10,200,000 | \$ 0.10 | \$ - | - | \$ - | \$ - |

The weighted average remaining contractual life of the issued and outstanding warrants at March 31, 2017 was 3.84 years.

Share-based Payments

The Company has a Rolling Stock Option Plan (the "Plan"), which follows the policies of the TSX Venture Exchange regarding stock option awards granted to employees, directors and consultants. The stock option plan allows a maximum of 10% of the issued shares to be reserved for issuance under the plan. Options granted under the Plan have a maximum term of 5 years. The vesting terms are at the discretion of the Board of Directors.

SG SPIRIT GOLD INC.**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the period ended March 31, 2017

(Unaudited - Expressed in Canadian Dollars)

4. SHARE CAPITAL AND RESERVES *(continued)*

On February 9, 2016, the Company granted 1,300,000 incentive stock options to directors and officers. The incentive stock options have an exercise price of \$0.08 per share, expire one year from the date of grant and vest immediately. The estimated fair value, \$0.03 per share, was calculated for the options using the Black-Scholes model based on the following assumptions: risk-free interest rate of 0.41%, expected life of 5 years, no annual dividend, expected volatility of 177% and a forfeiture rate of Nil. These options were cancelled on September 30, 2016 and the share based compensation recorded in the period ended March 31, 2016 of \$70,537 was extinguished.

On November 30, 2016, the Company approved the issuance of 520,000 options to consultants at an exercise price of \$0.14. These options were granted for a period of five years and vest immediately. The estimated fair value, \$0.12 per share, was calculated for the options using the Black-Scholes model based on the following assumptions: risk-free interest rate of 1.00%, expected life of 5 years, no annual dividend, expected volatility of 150% and a forfeiture rate of 30%.

During the year ended December 31, 2016, the Company recognized \$42,845 (2015 - \$Nil) in share based compensation relating to this grant.

As at March 31, 2017, the Company had stock options issued to a consultant of the Company outstanding as follows:

| Date of grant | Number of options issued | Options exercised | Exercisable | Exercise price | Expiry date | Weighted average remaining contractual life |
|-------------------|--------------------------|-------------------|-------------|----------------|-------------------|---|
| November 30, 2016 | 520,000 | (260,000) | 260,000 | \$ 0.14 | November 30, 2021 | 4.67 years |

5. RELATED PARTY TRANSACTIONS

During the three months ended March 31, 2017, the Company incurred \$7,500 (2016 - \$4,000) in management fees to directors, former directors or companies controlled by directors or former directors. At March 31, 2017, the Company owed directors, former directors or companies controlled by former directors \$27,650 (2016 - \$10,500) in respect of these fees, which is included in accounts payable and accrued liabilities.

Key management personnel comprise the Company's Board of Directors and executive officers. No remuneration was paid to key management personnel during the three month periods ended March 31, 2017 and 2016 other than as indicated above.

SG SPIRIT GOLD INC.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period ended March 31, 2017

(Unaudited - Expressed in Canadian Dollars)

6. CAPITAL MANAGEMENT

The Company's objectives for the management of capital are to safeguard the Company's ability to continue as a going concern, including the preservation of capital, and to achieve reasonable returns on invested cash after satisfying the objective of preserving capital.

The Company considers its cash to be its manageable capital. The Company's policy is to maintain sufficient cash and deposit balances to cover operating and exploration costs over a reasonable future period. The Company accesses capital markets as necessary and may also acquire additional funds where advantageous circumstances arise.

The Company currently has no externally-imposed capital requirements. There was no change to the Company's approach to capital management during the period.

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at March 31, 2017, the Company's financial instruments consist of cash and accounts payable.

In management's opinion, the Company's carrying values of cash and accounts payable approximate their fair values due to the immediate or short term maturity of these instruments.

The Company classifies the fair value of these 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. Cash is classified under Level 1.

Level 2 – Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices). The Company does not have any financial instruments classified under Level 2.

Level 3 – Valuations in the level are those with inputs for the asset or liability that are not based on observable market data. Accounts payable are classified under Level 3.

The Company's financial instruments are exposed to the following risks:

SG SPIRIT GOLD INC.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period ended March 31, 2017

(Unaudited - Expressed in Canadian Dollars)

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(continued)*

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. The Company's cash is held at a large Canadian financial institution in interest bearing accounts.

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 manages liquidity risk through its capital management as outlined in Note 6 to the consolidated interim financial statements.

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.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Price Risk

The Company is not exposed to price risk.

Currency Risk

As at March 31, 2017, the Company's expenditures are predominantly in Canadian dollars, and any future equity raised is expected to be predominantly in Canadian dollars. As a result, the Company does not believe it is exposed to any significant currency risk.

SG SPIRIT GOLD INC.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period ended March 31, 2017

(Unaudited - Expressed in Canadian Dollars)

8. SEGMENTED INFORMATION

The Company operates in one reportable segment, being the identification, acquisition and exploration of mineral interests in Canada.

9. EVENTS AFTER THE REPORTING PERIOD

- (a) On February 10, 2017, the Company entered into a definitive amalgamation agreement (the "Definitive Agreement") with Northern Lights Marijuana Company Limited ("DOJA"), pursuant to which the Company proposes to acquire all of the issued and outstanding securities of DOJA.

In accordance with the terms of the Definitive Agreement DOJA will amalgamate with a wholly-owned subsidiary of the Company, following which the resulting amalgamated entity will continue as a wholly-owned subsidiary of the Company. In consideration for the completion of this transaction the current holders of DOJA class "A" voting common shares will be issued one-and-eight-tenths (1.8) common shares of the Company in exchange for every share of DOJA they hold. Existing convertible securities of DOJA will be exchanged for convertible securities of the Company, on substantially the same terms, and applying the same exchange ratio.

On April 28, 2017 the Company and DOJA agreed to amend the terms of the Definitive Agreement. Completion of the acquisition of DOJA is now subject to, among other things, the Company completing a consolidation of its issued and outstanding share capital on a three-for-one basis, DOJA completing a financing for gross proceeds of at least \$3,000,000 on or before May 31, 2017, receipt of any required shareholder, regulatory and third party consents, the Canadian Securities Exchange having conditionally accepted the listing of the Company's common shares, the TSX Venture Exchange having consented to the voluntary delisting of the Company's common shares and the satisfaction of other customary closing conditions.

After the amalgamation process is complete, the Company will change its name to DOJA Cannabis Company Limited. The acquisition is expected to close in June, 2017.

- (b) On March 29, 2017, the Company appointed a syndicate of agents to sell by way of private placement up to 13,333,333 subscription receipts of the Company at a price of \$0.75 per subscription receipt for aggregate gross proceeds of up to \$10,000,000. Concurrently with the closing of the transaction contemplated in the Definitive Agreement, each subscription receipt will be automatically exchanged into "Units" of the Company. Each Unit shall consist of one (1) common share of the Company and one-half of one common share purchase warrant. Each whole warrant shall entitle the holder to acquire one (1) additional common share of the Company at an exercise price of \$1.25 for a period of 24 months from the date of issuance.

SG SPIRIT GOLD INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
SG Spirit Gold Inc.

We have audited the accompanying consolidated financial statements of SG Spirit Gold Inc., which comprise the consolidated statements of financial position as at December 31, 2016 and 2015, and the consolidated statements of operations and comprehensive loss, cash flows and changes in deficiency for the years then ended, and 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 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 audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of SG Spirit Gold Inc. as at December 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Vancouver, Canada

"Morgan & Company LLP"

May 1, 2017

Chartered Professional Accountants

SG SPIRIT GOLD INC.

Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

| | DECEMBER 31, | |
|--|---------------------|------------------|
| | 2016 | 2015 |
| ASSETS | | |
| Current assets | | |
| Cash | \$ 93,177 | \$ - |
| Amounts receivable | 936 | 2,877 |
| Total current assets | 94,113 | 2,877 |
| Equipment (Note 4) | - | 1,082 |
| Total assets | \$ 94,113 | \$ 3,959 |
| LIABILITIES | | |
| Current liabilities | | |
| Bank Indebtedness | \$ - | \$ 431 |
| Accounts payable and accrued liabilities | 106,668 | 480,992 |
| Loans payable (Note 8) | - | 35,537 |
| Total liabilities | 106,668 | 516,960 |
| DEFICIENCY | | |
| Share capital (Note 5) | 5,358,192 | 4,689,253 |
| Reserves (Note 5) | 2,070,121 | 2,027,276 |
| Deficit | (7,440,868) | (7,229,530) |
| Total deficiency | (12,555) | (513,001) |
| Total liabilities and deficiency | \$ 94,113 | \$ 3,959 |

Nature of operations and going concern (Note 1)

Subsequent events (Note 13)

Approved on behalf of the Board

Director “Richard W. Grayston”
Richard W. Grayston

Director “Mark Ferguson”
Mark Ferguson

The accompanying notes are an integral part of these consolidated financial statements.

SG SPIRIT GOLD INC.

Consolidated Statements of Operations and Comprehensive Loss
(Expressed in Canadian Dollars)

| | YEARS ENDED DECEMBER 31, | |
|---|-------------------------------------|--------------------|
| | 2016 | 2015 |
| Expenses | | |
| Consulting fees | \$ 28,500 | \$ 1,211 |
| Depreciation (Note 4) | 1,082 | 360 |
| Filing fees | 8,434 | 3,924 |
| Interest | 1,225 | 1,837 |
| Management fees (Note 7) | 23,000 | 20,000 |
| Office | 1,683 | 9,896 |
| Professional fees | 78,067 | 3,698 |
| Share based compensation | 42,845 | - |
| Transfer agent fees | 6,861 | - |
| Travel | 21,568 | - |
| Loss before other income (expenses) | (213,265) | (40,926) |
| Other income (expenses) | | |
| Gain on accounts payable written-off | - | 3,024 |
| Recovery of taxes | 1,927 | - |
| Realized loss – marketable securities | - | (25,000) |
| | 1,927 | (21,976) |
| Net loss for the year | (211,338) | (62,902) |
| Unrealized gain – marketable securities | - | 5,000 |
| Comprehensive loss for the year | \$ (211,338) | \$ (57,902) |
| Basic and diluted loss per share | \$ (0.02) | \$ (0.07) |
| Weighted average number of common shares outstanding | 11,758,561 | 951,457 |

The accompanying notes are an integral part of these consolidated financial statements.

SG SPIRIT GOLD INC.

Consolidated Statements of Cash Flow
(Expressed in Canadian Dollars)

| | YEARS ENDED DECEMBER 31, | |
|--|-------------------------------------|-----------------|
| | 2016 | 2015 |
| Cash provided by (used for): | | |
| Operating activities | | |
| Net loss for the year | \$ (211,338) | \$ (62,902) |
| Items not affecting cash | | |
| Depreciation | 1,082 | 360 |
| Share based compensation | 42,845 | - |
| Gain on accounts payable written-off | - | (3,024) |
| Realized loss – marketable securities | - | 25,000 |
| Interest on loans payable | - | 1,837 |
| Changes in non-cash working capital: | | |
| Amounts receivable | 1,941 | (1,985) |
| Prepaid expenses | - | 1,110 |
| Accounts payable and accrued liabilities | (374,324) | (38,285) |
| | (539,794) | (77,889) |
| Investing activity | | |
| Proceeds from sale of marketable securities | - | 45,000 |
| | - | 45,000 |
| Financing activities | | |
| Proceeds from private placement | 605,000 | - |
| Proceeds from warrants exercised | 80,000 | - |
| Share issue costs | (16,061) | - |
| Loan repayments | (38,037) | (1,000) |
| Loan advancements | 2,500 | 34,700 |
| | 633,402 | 33,700 |
| Change in cash during the year | 93,608 | 811 |
| Bank Indebtedness, beginning of the year | (431) | (1,242) |
| Cash (bank indebtedness), end of the year | \$ 93,177 | \$ (431) |

Supplemental disclosures with respect to cash flows (Note 6)

The accompanying notes are an integral part of these consolidated financial statement.

SG SPIRIT GOLD INC.

Consolidated Statements of Changes in Deficiency

(Expressed in Canadian Dollars)

| | NUMBER OF SHARES | SHARE CAPITAL | RESERVES | ACCUMULATED OTHER COMPREHENSIVE LOSS | DEFICIT | TOTAL DEFICIENCY |
|---|---------------------|---------------------|---------------------|---|-----------------------|---------------------|
| Balance at December 31, 2014 | 951,457 | \$ 4,689,253 | \$ 2,027,276 | \$ (5,000) | \$ (7,166,628) | \$ (455,099) |
| Unrealized gain – marketable securities | - | - | - | 5,000 | - | 5,000 |
| Net loss for the year | - | - | - | - | (62,902) | (62,902) |
| Balance at December 31, 2015 | 951,457 | 4,689,253 | 2,027,276 | - | (7,229,530) | (513,001) |
| Shares issued in private placement (Note 5) | 12,100,000 | 605,000 | - | - | - | 605,000 |
| Share issue costs | - | (16,061) | - | - | - | (16,061) |
| Warrants exercised (Note 5) | 800,000 | 80,000 | - | - | - | 80,000 |
| Share based compensation | - | - | 42,845 | - | - | 42,845 |
| Net loss for the year | - | - | - | - | (211,338) | (211,338) |
| Balance, December 31, 2016 | 13,851,457 | \$ 5,358,192 | \$ 2,070,121 | \$ - | \$ (7,440,868) | \$ (12,555) |

SG SPIRIT GOLD INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2016 and 2015

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

SG Spirit Gold Inc. (the "Company") is an exploration stage company whose common shares trade on the TSX Venture Exchange and is in the business of identification, acquisition and exploration of mineral interests. All of the Company's exploration and evaluation assets are located in Canada. The address of the Company's registered office is 2200 – 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8.

These financial statements were authorized for issue on May 1, 2017 by the directors of the Company.

At the date of the consolidated financial statements, the Company has not identified a known body of commercial grade minerals on any of its properties. The ability of the Company to realize the costs it has incurred to date on these properties is dependent upon the Company identifying a commercial mineral body, to finance its development costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the property. To date, the Company has not earned any revenues and is considered to be in the exploration stage.

Management is targeting sources of additional financing through alliances with financial, exploration and mining entities, and other business and financial transactions which would assure continuation of the Company's operations and exploration programs. In addition, management closely monitors commodity prices of precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company if favourable or adverse market conditions occur.

These consolidated financial statements have been prepared on a going concern basis which presumes the realization of assets and settlement of liabilities in the normal course of operations in the foreseeable future. The Company has incurred operating losses and at December 31, 2016, had a cumulative deficit of \$7,440,868 (2015 - \$7,229,530) and a working capital deficiency of \$12,555 (2015 - \$514,083). The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. The aforementioned factors indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. Further discussion of liquidity risk is included in Note 11.

SG SPIRIT GOLD INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2016 and 2015

(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION

Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"). They have also been prepared in accordance with interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, or available-for-sale, which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

These consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the Company and its subsidiaries.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, 0970990 B.C. Ltd. and SG Spirit Subco LLC, both wholly owned subsidiaries in which the Company has control, directly or indirectly, where control is defined as the power to govern the financial operating policies of an enterprise so as to obtain benefits from its activities.

All intercompany balances and transactions have been eliminated on consolidation.

Details of the Company's subsidiaries are as follows:

| Name | Place of incorporation | Interest % | Principal activity |
|---------------------|-------------------------------|-------------------|---------------------------|
| 0970990 B.C. Ltd. | British Columbia, Canada | 100% | Inactive subsidiary |
| SG Spirit Subco LLC | Delaware, USA | 100% | Inactive subsidiary |

SG SPIRIT GOLD INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2016 and 2015

(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION *(continued)*

Significant accounting judgements, estimates and assumptions

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies regarding certain types of assets, liabilities, revenues and expenses. Actual results could differ from those estimates

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following notes:

Critical Judgments in Applying Accounting Policies

The preparation of these consolidated financial statements requires management to make judgments regarding the going concern of the Company, as discussed in Note 1.

Key Sources of Estimation Uncertainty

Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates and such differences could be significant. Significant estimates made by management affecting the consolidated financial statements include, but are not limited to, the following:

Share-based payments

Estimating fair value for granted stock options requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, and rate of forfeitures and making assumptions about them.

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, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. 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 less deferred tax assets or liabilities, and deferred income tax provisions or recoveries could be affected.

SG SPIRIT GOLD INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2016 and 2015

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Instruments

All financial instruments are classified into one of five categories: (1) financial assets or liabilities at fair value through profit or loss ("FVTPL"), (2) loans and receivables, (3) financial assets available-for-sale ("AFS"), (4) financial assets held-to-maturity, and (5) other financial liabilities. All financial instruments and derivatives are recognized in the statement of financial position at fair value, except for loans and receivables, held-to-maturity investments and other financial liabilities which are recognized at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification. Fair value through profit or loss financial instruments are measured at fair value and changes in fair value are recognized in net income/loss. Available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income/loss until the instrument is sold or impaired.

The Company's financial assets and liabilities are recorded and measured as follows:

| Asset or Liability | Category | Measurement |
|--|-----------------------------|--------------------|
| Cash | FVTPL | Fair value |
| Loans payable | Loans and receivables | Amortized cost |
| Bank Indebtedness | Other financial liabilities | Amortized cost |
| Accounts payable and accrued liabilities | Other financial liabilities | Amortized cost |

The Company classifies financial instruments measured at fair value according to the following hierarchy based on the reliability of 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.

The carrying value of loans payable, accounts payable and accrued liabilities, and bank indebtedness approximate their fair values due to their short terms to maturity.

Cash has been measured at fair value using Level 1 inputs.

SG SPIRIT GOLD INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2016 and 2015

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Cash and Cash Equivalents and Bank Indebtedness

The Company considers all highly liquid short-term investments with a maturity of three months or less to be cash equivalents. At December 31, 2016 and 2015, the Company had \$Nil in cash equivalents.

Exploration and Evaluation Assets

Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration and evaluation of mineral properties are capitalized by property. These direct expenditures include such costs as materials used, surveying, drilling, and payments made to contractors during the exploration phase. Costs not directly attributed to exploration and evaluation activities, including general administrative overhead costs, are expensed in the year in which they occur.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer a part of a mineral interest, as consideration, for an agreement by the farmee to meet certain exploration and evaluation expenditures which may have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of operations and comprehensive loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mines under construction." Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

SG SPIRIT GOLD INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2016 and 2015

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Future Reclamation Costs

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of reclamation of mineral interests (exploration and evaluation assets). The net present value of future rehabilitation cost estimates is capitalized to the related assets along with a corresponding increase in the reclamation provision in the year incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the reclamation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss for the year.

For the years presented, the Company does not have any significant future reclamation costs.

Loss per Share

Basic loss per share is computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year. For diluted per share computations, assumptions are made regarding potential common shares outstanding during the year. The weighted average number of common shares is increased to include the number of additional common shares that would be outstanding if, at the beginning of the year, or at time of issuance, if later, all options and warrants are exercised. Proceeds from exercise are used to purchase the Company's common shares at their average market price during the year, thereby reducing the weighted average number of common shares outstanding. If these computations prove to be anti-dilutive, diluted loss per share is the same as basic loss per share.

Income Tax

Income tax on profit or loss for the year comprises current and deferred tax. Current tax is the expected tax paid or payable on the taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax paid or payable in respect of previous years.

Deferred tax is recorded by providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the year that includes the date of the enactment or substantive enactment of the change. Deferred tax assets and liabilities are presented separately except where there is a right of offset within fiscal jurisdictions.

SG SPIRIT GOLD INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2016 and 2015

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Share-Based Payments

The Company grants stock options to buy common shares of the Company to directors, officers, employees and consultants. The Company recognizes share-based payments based on the estimated fair value of the options. A fair value measurement is made for each vesting instalment within each option grant and is determined using the Black-Scholes option-pricing model. The fair value of the options is recognized over the vesting period of the options granted as both share-based payments and reserves. This includes a forfeiture estimate, which is revised for actual forfeitures in subsequent periods. The reserves account is subsequently reduced if the options are exercised and the amount initially recorded is then credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of the goods or services received.

Flow-Through Shares

Canadian income tax legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. The Company accounts for flow-through shares whereby the premium paid for the flow-through shares in excess of the market value of the shares without flow-through features at the time of issue is credited to other liabilities and included into income at the same time the qualifying expenditures are made.

Foreign Currency Translation

The functional currency and the reporting currency of the Company, and its subsidiary, is the Canadian dollar. Transactions denominated in foreign currency are translated into Canadian dollars at the rate of exchange in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies have been translated into Canadian dollars at the rate of exchange in effect at the statement of financial position date, while non-monetary assets and liabilities are translated at historical rates. Any gains or losses resulting from translation have been included in the statement of operations and comprehensive loss.

Equipment

Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Depreciation is provided at rates calculated to write off the cost of equipment, less its estimated residual value, using the following rate:

| | |
|---------------|-----------------------|
| Booth display | 20% declining balance |
|---------------|-----------------------|

SG SPIRIT GOLD INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2016 and 2015

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Equipment *(continued)*

Equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the statement of operations and comprehensive loss. Where an item of equipment comprises major components with different useful lives, the components are accounted for as separate items of equipment. Expenditures incurred to replace a component of an item of equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

Impairment of Long-lived Assets

At each financial position reporting date, the carrying amounts of the Company's long-lived assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use, which is the present value of future cash flows expected to be derived from the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the year.

For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Comprehensive Income (Loss)

Comprehensive income (loss) consists of net income (loss) and other comprehensive income (loss) and represents the change in equity (deficiency) which results from transactions and events from sources other than the Company's shareholders. Comprehensive income (loss) includes the unrealized holding gains and losses from available-for-sale marketable securities which are not included in net income (loss) until realized.

SG SPIRIT GOLD INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2016 and 2015

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Future Accounting Pronouncements

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC that are mandatory for accounting periods beginning after January 1, 2017, or later periods. Updates that are not applicable or are not consequential to the Company have been excluded in the standards listed below.

The Company anticipates that the application of these standards, amendments, revisions and interpretations will not have a material impact on the results and financial position of the Company.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments is part of the IASB's wider project of replacing IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristic of the financial assets. This standard is effective for annual periods beginning on or after January 1, 2018.

New Standard Adopted

The following new accounting standard was adopted as of January 1, 2016 and did not have a material impact on the consolidated financial statements of the Company:

Amendments to IAS 1 Presentation of Financial Statements

The amendments are designed to encourage companies to apply professional judgement to determine what information to disclose in the financial statements. In addition, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures. The amendment is effective for annual periods beginning on or after January 1, 2016.

SG SPIRIT GOLD INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the years ended December 31, 2016 and 2015

(Expressed in Canadian Dollars)

4. EQUIPMENT

The following table summarizes the changes in the Company's equipment for the years ended December 31, 2016 and 2015:

| | Booth Display |
|----------------------------------|----------------------|
| Cost | |
| As at December 31, 2015 and 2014 | \$ 7,504 |
| Disposals | (7,504) |
| As at December 31, 2016 | - |
| Accumulated Depreciation | |
| As at December 31, 2014 | \$ 6,062 |
| Depreciation for the year | 360 |
| As at December 31, 2015 | 6,422 |
| Depreciation for the year | 1,082 |
| Disposals | (7,504) |
| As at December 31, 2016 | \$ - |
| Net Book Value | |
| As at December 31, 2015 | \$ 1,082 |
| As at December 31, 2016 | \$ - |

5. SHARE CAPITAL AND RESERVES**Authorized**

Unlimited common shares without par value

Common Shares Issued

On February 9, 2016, the Company completed a non-brokered private placement of 12,100,000 units at a price of \$0.05 per unit for gross proceeds of \$605,000. Each unit consists of one common share of the Company and one share purchase warrant entitling the holder to acquire an additional share at a price of \$0.10 per share for a period of 5 years. The Company paid \$16,061 in share issue costs related to this private placement.

During 2016, 800,000 warrants were exercised resulting in the issuance of 800,000 common shares at \$0.10 per share.

There were no common shares issued during the year ended December 31, 2015.

SG SPIRIT GOLD INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the years ended December 31, 2016 and 2015

(Expressed in Canadian Dollars)

5. SHARE CAPITAL AND RESERVES *(continued)***Warrants**

Details of common share purchase warrants outstanding at December 31, 2016 are as follows:

| | 2016 | 2015 | Exercise | Expiry date |
|-------------------------|-----------------------------|-----------------------------|-----------------|--------------------|
| | Outstanding Warrants | Outstanding Warrants | price | |
| Share purchase warrants | | | | |
| Issued | 11,300,000 | Nil | \$ 0.10 | February 9, 2021 |

Common share purchase warrant transactions during the years ended December 31, 2016 and 2015 are as follows:

| | 2016 | | | 2015 | | |
|---------------------------------|---------------------------|--|-------------------|---------------------------|--|-------------------|
| | Number of Warrants | Weighted average exercise price | Fair Value | Number of Warrants | Weighted average exercise price | Fair Value |
| Outstanding - beginning of year | - | \$ - | \$ - | - | \$ - | \$ - |
| Issued | 12,100,000 | 0.10 | - | - | - | - |
| Exercised | (800,000) | 0.10 | - | - | - | - |
| Outstanding - end of year | 11,300,000 | \$ 0.10 | \$ - | - | \$ - | \$ - |

The weighted average remaining contractual life of the issued and outstanding warrants at December 31, 2016 was 4.09 years.

Share-based Payments

The Company has a Rolling Stock Option Plan (the "Plan"), which follows the policies of the TSX Venture Exchange regarding stock option awards granted to employees, directors and consultants. The stock option plan allows a maximum of 10% of the issued shares to be reserved for issuance under the plan. Options granted under the Plan have a maximum term of 5 years. The vesting terms are at the discretion of the Board of Directors.

On February 9, 2016, the Company granted 1,300,000 incentive stock options to directors and officers. The incentive stock options have an exercise price of \$0.08 per share, expire one year from the date of grant and vest immediately. The estimated fair value, \$0.03 per share, was calculated for the options using the Black-Scholes model based on the following assumptions: risk-free interest rate of 0.41%, expected life of 5 years, no annual dividend, expected volatility of 177% and a forfeiture rate of Nil. These options were cancelled on September 30, 2016.

SG SPIRIT GOLD INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2016 and 2015

(Expressed in Canadian Dollars)

5. SHARE CAPITAL AND RESERVES *(continued)*

Share-based Payments *(continued)*

On November 30, 2016, the Company approved the issuance of 520,000 options to consultants at an exercise price of \$0.14. These options were granted for a period of five years and vest immediately. The estimated fair value, \$0.12 per share, was calculated for the options using the Black-Scholes model based on the following assumptions: risk-free interest rate of 1.00%, expected life of 5 years, no annual dividend, expected volatility of 150% and a forfeiture rate of 30%.

During the year ended December 31, 2016, the Company recognized \$42,845 (2015 - \$Nil) in share based compensation relating to this grant.

As at December 31, 2016, the Company had stock options issued to a consultant of the Company outstanding as follows:

| Date of grant | Number of options issued | Exercisable | Exercise price | Expiry date | Weighted average remaining contractual life |
|-------------------|--------------------------------|-------------|-------------------|-------------------|--|
| November 30, 2016 | 520,000 | 520,000 | \$ 0.14 | November 30, 2021 | 4.92 years |

6. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

During the year ended December 31, 2016, the Company paid interest in the amount of \$1,225 (2015 - \$Nil).

There were no non-cash transactions affecting cash flows from operating, investing, and financing activities during the year ended December 31, 2016.

During the year ended December 31, 2015, the Company had an unrealized gain on marketable securities of \$5,000, which was the only non-cash transaction affecting cash flows from operating, investing, and financing activities.

7. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2016, the Company incurred \$30,500 (2015 - \$20,000) in management fees, including \$10,000 in resignation bonuses, payable to directors, former directors or companies controlled by directors or former directors. At December 31, 2016, the Company owed a director and former directors or companies controlled by former directors amounts totalling \$25,475 (2015 - \$4,200) in respect of these fees, which is included in accounts payable and accrued liabilities.

Key management personnel comprise the Company's Board of Directors and executive officers. No remuneration was paid to key management personnel during the years ended December 31, 2016 and 2015 other than as indicated above.

SG SPIRIT GOLD INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the years ended December 31, 2016 and 2015

(Expressed in Canadian Dollars)

8. LOANS PAYABLE

Loans payable in the amount of \$Nil (2015 - \$35,537) were unsecured and bore interest at 10% per annum. The lender had the option to be repaid in cash or shares of the Company. The Company repaid all loans in cash during the year ended December 31, 2016.

9. INCOME TAXES

The reconciliation of income tax provision computed at statutory rates to the reported income tax provision is as follows:

| | Years ended December 31, | |
|--|---------------------------------|-------------|
| | 2016 | 2015 |
| Basic statutory and provincial income tax rate | 26% | 26% |
| Net loss for the year | \$ (211,338) | \$ (62,902) |
| Expected income tax recovery | \$ (55,000) | \$ (16,000) |
| Expiry of loss carryforward | - | 130,000 |
| Change in tax rates and other | 8,000 | (8,000) |
| Change in unrecognized deferred tax assets | 47,000 | (106,000) |
| Income tax recovery | \$ - | \$ - |

Significant components of the Company's deferred tax assets and liabilities are as follows:

| | December 31, | |
|--|---------------------|-------------|
| | 2016 | 2015 |
| Deferred income tax assets (liabilities): | | |
| Non-capital losses available for future period | \$ 958,000 | \$ 915,000 |
| Share issue costs | 3,000 | - |
| Equipment | 2,000 | 1,000 |
| Exploration and evaluation assets | 70,000 | 70,000 |
| Allowable capital losses | 4,000 | 4,000 |
| | 1,037,000 | 990,000 |
| Unrecognized deferred tax assets | (1,037,000) | (990,000) |
| Net deferred tax asset | \$ - | \$ - |

SG SPIRIT GOLD INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the years ended December 31, 2016 and 2015

(Expressed in Canadian Dollars)

9. INCOME TAXES *(continued)*

The significant components of the Company's unrecognized temporary differences and tax losses are as follows:

| | December 31, 2016 | Expiry | December 31, 2015 | Expiry |
|---|------------------------------|---------------|------------------------------|---------------|
| Property and equipment | \$ 6,000 | No expiry | \$ 5,000 | No expiry |
| Share issue costs | 13,000 | 2021 | - | - |
| Non-capital losses available for future periods | 3,685,000 | 2026-2036 | 3,518,000 | 2026-2035 |
| Exploration and evaluation assets | 268,000 | No expiry | 268,000 | No expiry |
| Investment tax credit | 1,000 | 2021-2034 | 1,000 | 2021-2034 |
| Allowable capital losses | 15,000 | No expiry | 15,000 | No expiry |

Tax attributes are subject to review and potential adjustment by tax authorities.

10. CAPITAL MANAGEMENT

The Company's objectives for the management of capital are to safeguard the Company's ability to continue as a going concern, including the preservation of capital, and to achieve reasonable returns on invested cash after satisfying the objective of preserving capital.

The Company considers its cash to be its manageable capital. The Company's policy is to maintain sufficient cash and deposit balances to cover operating and exploration costs over a reasonable future period. The Company accesses capital markets as necessary and may also acquire additional funds where advantageous circumstances arise.

The Company currently has no externally-imposed capital requirements. There was no change to the Company's approach to capital management during the period.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at December 31, 2016, the Company's financial instruments consist of cash, bank indebtedness, accounts payable and accrued liabilities, and loans payable.

The Company's financial instruments are exposed to the following risks:

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. The Company's cash is held at a large Canadian financial institution in interest bearing accounts.

SG SPIRIT GOLD INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2016 and 2015

(Expressed in Canadian Dollars)

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(continued)*

Credit Risk *(continued)*

The Company's receivables consist mainly of Goods and Services Tax receivable due from the Government of Canada, and as such the Company does not believe there is significant credit risk with respect to amounts receivable.

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 manages liquidity risk through its capital management as outlined in Note 10 to the consolidated financial statements.

As at December 31, 2016, the Company does not have the cash resources to settle all its current liabilities. The Company will need to raise additional funds through equity or debt to continue with its operations.

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.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Price Risk

The Company is not exposed to price risk.

Currency Risk

As at December 31, 2016, the Company's expenditures are predominantly in Canadian dollars, and any future equity raised is expected to be predominantly in Canadian dollars. As a result, the Company does not believe it is exposed to any significant currency risk.

12. SEGMENTED INFORMATION

The Company operates in one reportable segment, being the identification, acquisition and exploration of mineral interests in Canada.

SG SPIRIT GOLD INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2016 and 2015

(Expressed in Canadian Dollars)

13. SUBSEQUENT EVENTS

- a) On February 10, 2017, the Company entered into a definitive amalgamation agreement (the "Definitive Agreement") with Northern Lights Marijuana Company Limited ("DOJA"), pursuant to which the Company proposes to acquire all of the issued and outstanding securities of DOJA.

In accordance with the terms of the Definitive Agreement DOJA, will amalgamate with a wholly-owned subsidiary of the Company, following which the resulting amalgamated entity will continue as a wholly-owned subsidiary of the Company. In consideration for the completion of this transaction, the current holders of DOJA class "A" voting common shares will be issued one-and-eight-tenths (1.8) common shares of the Company in exchange for every share of DOJA they hold. Existing convertible securities of DOJA will be exchanged for convertible securities of the Company, on substantially the same terms, and applying the same exchange ratio.

On April 28, 2017, the Company and DOJA agreed to amend the terms of the Definitive Agreement. Completion of the acquisition of DOJA is now subject to, among other things, the Company completing a consolidation of its issued and outstanding share capital on a three-for-one basis, DOJA completing a financing for gross proceeds of at least \$3,000,000 on or before May 31, 2017, receipt of any required shareholder, regulatory and third party consents, the Canadian Securities Exchange having conditionally accepted the listing of the Company's common shares, the TSX Venture Exchange having consented to the voluntary delisting of the Company's common shares and the satisfaction of other customary closing conditions.

After the amalgamation process is complete, the Company will change its name to DOJA Cannabis Company Limited. The acquisition is expected to close in June, 2017.

- b) On March 29, 2017, the Company appointed a syndicate of agents to sell by way of private placement up to 13,333,333 subscription receipts of the Company at a price of \$0.75 per subscription receipt for aggregate gross proceeds of up to \$10,000,000. Concurrently with the closing of the transaction contemplated in the Definitive Agreement, each subscription receipt will be automatically exchanged into "Units" of the Company. Each Unit shall consist of one (1) common share of the Company and one-half of one common share purchase warrant. Each whole warrant shall entitle the holder to acquire one (1) additional common share of the Company at an exercise price of \$1.25 for a period of 24 months from the date of issuance.
- c) Subsequent to year end 260,000, options and 1,100,000 warrants were exercised at \$0.14 and \$0.10 per share respectively for proceeds of \$146,400.

SG SPIRIT GOLD INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
SG Spirit Gold Inc.

We have audited the accompanying consolidated financial statements of SG Spirit Gold Inc., which comprise the consolidated statement of financial position as at December 31, 2015, and the consolidated statements of operations and comprehensive loss, cash flows and changes in deficiency for the year then ended, and 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.

Auditor's 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 is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of SG Spirit Gold Inc. as at December 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Other Matter

The consolidated financial statements of SG Spirit Gold Inc. for the year ended December 31, 2014 were audited by another auditor who expressed an unmodified opinion on those statements on April 28, 2015.

Vancouver, Canada

"Morgan & Company LLP"

April 26, 2016

Chartered Professional Accountants

SG SPIRIT GOLD INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

| | DECEMBER 31, | |
|---|------------------|------------------|
| | 2015 | 2014 |
| ASSETS | | |
| Current assets | | |
| Receivables | \$ 2,877 | \$ 892 |
| Prepaid expenses | - | 1,110 |
| Total current assets | 2,877 | 2,002 |
| Non-current assets | | |
| Marketable securities (Note 4) | - | 65,000 |
| Equipment (Note 5) | 1,082 | 1,442 |
| Total non-current assets | 1,082 | 66,442 |
| Total assets | \$ 3,959 | \$ 68,444 |
| LIABILITIES AND DEFICIENCY | | |
| Current liabilities | | |
| Bank Indebtedness | \$ 431 | \$ 1,242 |
| Accounts payable and accrued liabilities | 480,992 | 522,301 |
| Loans payable (Note 11) | 35,537 | - |
| Total liabilities | 516,960 | 523,543 |
| Deficiency | | |
| Share capital (Note 8) | 4,689,253 | 4,689,253 |
| Reserves (Note 8) | 2,027,276 | 2,027,276 |
| Accumulated other comprehensive loss (Note 4) | - | (5,000) |
| Deficit | (7,229,530) | (7,166,628) |
| Total deficiency | (513,001) | (455,099) |
| Total liabilities and deficiency | \$ 3,959 | \$ 68,444 |

Nature of operations and going concern (Note 1)
Subsequent events (Note 16)

Approved on April 26, 2016 on behalf of the Board of Directors:

"Stephen Brohman"

Director

"Ryan Cheung"

Director

The accompanying notes are an integral part of these consolidated financial statements.

SG SPIRIT GOLD INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

| | YEARS ENDED DECEMBER 31, | |
|---|-----------------------------|---------------------|
| | 2015 | 2014 |
| Expenses | | |
| Consulting fees | \$ 1,211 | \$ - |
| Depreciation (Note 5) | 360 | 360 |
| Filing fees | 3,924 | 18,057 |
| Insurance | - | 6,488 |
| Interest | 1,837 | 899 |
| Investor relations | - | 283 |
| Management fees | 20,000 | - |
| Office and administration | 9,896 | 11,876 |
| Professional fees | 3,698 | 20,750 |
| Rent | - | 4,783 |
| Wages | - | 27,839 |
| Loss before other income (expenses) | (40,926) | (91,335) |
| Other income (expenses) | | |
| Finance income | - | 51 |
| Foreign exchange loss | - | (5) |
| Gain on accounts payable written-off | 3,024 | 18,509 |
| Impairment of exploration and evaluation assets (Note 7) | - | (326,525) |
| Realized loss – marketable securities (Note 4) | (25,000) | - |
| | (21,976) | (307,970) |
| Net loss for the year | (62,902) | (399,305) |
| Unrealized gain – marketable securities (Note 4) | 5,000 | 5,000 |
| Comprehensive loss for the year | \$ (57,902) | \$ (394,305) |
| Basic and diluted loss per share | \$ (0.07) | \$ (0.42) |
| Weighted average number of common shares outstanding | 951,457 | 951,457 |

The accompanying notes are an integral part of these consolidated financial statements.

SG SPIRIT GOLD INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

| | YEARS ENDED DECEMBER 31, | |
|--|-----------------------------|-------------------|
| | 2015 | 2014 |
| Cash flows used in operating activities | | |
| Net loss for the year | \$ (62,902) | \$ (399,305) |
| Items not affecting cash | | |
| Depreciation | 360 | 360 |
| Gain on accounts payable written-off | (3,024) | (18,509) |
| Impairment of exploration and evaluation assets | - | 326,525 |
| Realized loss – marketable securities | 25,000 | - |
| Interest on loans payable | 1,837 | - |
| Net changes in non-cash working capital items | | |
| Receivables | (1,985) | (296) |
| Prepaid expenses | 1,110 | 5,688 |
| Accounts payable and accrued liabilities | (38,285) | 272,482 |
| Due to related parties | - | (287,910) |
| Cash used in operating activities | <u>(77,889)</u> | <u>(100,965)</u> |
| Cash flows provided by investing activities | | |
| Expenditures on exploration and evaluation assets | - | (6,328) |
| Government tax credit received | - | 3,526 |
| Proceeds from sale of marketable securities | 45,000 | - |
| Refund of reclamation deposits | - | 15,000 |
| Cash provided by investing activities | <u>45,000</u> | <u>12,198</u> |
| Cash flows provided by financing activities | | |
| Loan proceeds | 34,700 | - |
| Loan payment | (1,000) | - |
| Cash provided by financing activities | <u>33,700</u> | <u>-</u> |
| Increase (decrease) in cash during the year | 811 | (88,767) |
| (Bank Indebtedness) cash, beginning of the year | (1,242) | 87,525 |
| Bank indebtedness, end of the year | \$ (431) | \$ (1,242) |

Supplemental disclosures with respect to cash flows (Note 9)

The accompanying notes are an integral part of these consolidated financial statements.

SG SPIRIT GOLD INC.
CONSOLIDATED STATEMENTS OF CHANGES IN DEFICIENCY
FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014
(Expressed in Canadian Dollars)

| | SHARE CAPITAL | | RESERVES | ACCUMULATED OTHER COMPREHENSIVE LOSS | DEFICIT | TOTAL |
|---|----------------|---------------------|---------------------|---|-----------------------|---------------------|
| | NUMBER | AMOUNT | | | | |
| Balance, December 31, 2013 | 951,457 | \$ 4,689,253 | \$ 2,027,276 | \$ (10,000) | \$ (6,767,323) | \$ (60,794) |
| Unrealized gain– marketable securities (Note 4) | - | - | - | 5,000 | - | 5,000 |
| Net loss for the year | - | - | - | - | (399,305) | (399,305) |
| Balance, December 31, 2014 | 951,457 | 4,689,253 | 2,027,276 | (5,000) | (7,166,628) | (455,099) |
| Unrealized gain– marketable securities (Note 4) | - | - | - | 5,000 | - | 5,000 |
| Net loss for the year | - | - | - | - | (62,902) | (62,902) |
| Balance, December 31, 2015 | 951,457 | \$ 4,689,253 | \$ 2,027,276 | \$ - | \$ (7,229,530) | \$ (513,001) |

The accompanying notes are an integral part of these consolidated financial statements.

SG SPIRIT GOLD INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

SG Spirit Gold Inc. (the "Company" or "SG Spirit Gold") is an exploration stage company whose common shares trade on the TSX Venture Exchange and is in the business of acquiring, exploring and evaluating mineral resource properties. All of the Company's exploration and evaluation assets are located in Canada. The address of the Company's registered office is #2200 – 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8.

These consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS") on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. Management's assessment of the Company, based on its current cash flow forecast and financial model, is that there is significant doubt as to whether it can sustain in the future as a going concern.

As at December 31, 2015, the Company's working capital deficiency was \$514,083 (2014 - \$521,541). The Company is currently in the process of exploring and evaluating its exploration and evaluation assets and has not yet determined whether the properties contain mineral reserves that are economically recoverable. The Company has incurred operating losses since inception, has no source of revenue, and is unable to self-finance operations.

The Company's ability to continue as a going concern is dependent on management's ability to obtain additional financing to fulfil its present obligations and future commitments and, ultimately, the attainment of profitable operations or the profitable sale of the Company's exploration interests. While management has been successful in obtaining funding in the past, there can be no assurance that it will be able to do so in the future. These uncertainties may cast significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classifications of assets and liabilities should the Company be unable to continue as a going concern, and such adjustments could be material.

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2. BASIS OF PRESENTATION

Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"). They have also been prepared in accordance with interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, or available-for-sale, which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

These consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the Company and its subsidiary.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, 0970990 B.C. Ltd. A wholly owned subsidiary is an entity in which the Company has control, directly or indirectly, where control is defined as the power to govern the financial operating policies of an enterprise so as to obtain benefits from its activities.

All intercompany balances and transactions have been eliminated on consolidation.

Details of the Company's subsidiary are as follows:

| Name | Place of incorporation | Interest % | Principal activity |
|-------------------|-------------------------------|-------------------|---------------------------|
| 0970990 B.C. Ltd. | British Columbia, Canada | 100% | Inactive subsidiary |

Significant accounting judgements, estimates and assumptions

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies regarding certain types of assets, liabilities, revenues and expenses. Actual results could differ from those estimates.

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

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2. BASIS OF PRESENTATION *(continued)*

Significant accounting judgements, estimates and assumptions *(continued)*

Critical Judgments in Applying Accounting Policies

The preparation of these consolidated financial statements requires management to make judgments regarding the going concern of the Company, as discussed in Note 1.

Key Sources of Estimation Uncertainty

Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting years. Actual results could differ from those estimates and such differences could be significant. Significant estimates made by management affecting the consolidated financial statements include, but are not limited to, the following:

Impairment of exploration and evaluation assets

At the end of each reporting period, the carrying amounts of the Company's exploration and evaluation assets are reviewed to determine whether there is any indication that they have suffered an impairment loss or reversal of previous impairment. Where such an indication exists, the recoverable amount is estimated in order to determine the extent of the impairment. Refer to Note 7 for further details.

Share-based payments

Estimating fair value of granted stock options requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, and rate of forfeitures and making assumptions about them.

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2. BASIS OF PRESENTATION *(continued)*

Significant accounting judgements, estimates and assumptions *(continued)*

Key Sources of Estimation Uncertainty *(continued)*

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, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. 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 less deferred tax assets or liabilities, and deferred income tax provisions or recoveries could be affected.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Instruments

All financial instruments are classified into one of five categories: (1) financial assets or liabilities at fair value through profit or loss ("FVTPL"), (2) loans and receivables, (3) financial assets available-for-sale ("AFS"), (4) financial assets held-to-maturity, and (5) other financial liabilities. All financial instruments and derivatives are recognized in the statement of financial position at fair value, except for loans and receivables, held-to-maturity investments and other financial liabilities which are recognized at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification. Fair value through profit or loss financial instruments are measured at fair value and changes in fair value are recognized in net income/loss. Available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income/loss until the instrument is sold or impaired.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial Instruments *(continued)*

The Company's financial assets and liabilities are recorded and measured as follows:

| Asset or Liability | Category | Measurement |
|--|-----------------------------|--------------------|
| Cash | FVTPL | Fair value |
| Marketable securities | AFS | Fair value |
| Loans payable | Loans and receivables | Amortized cost |
| Bank Indebtedness | Other financial liabilities | Amortized cost |
| Accounts payable and accrued liabilities | Other financial liabilities | Amortized cost |

The Company classifies financial instruments measured at fair value according to the following hierarchy based on the reliability of 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.

The carrying value of loans payable, accounts payable and accrued liabilities, and bank indebtedness approximate their fair values due to their short terms to maturity.

Cash and marketable securities have been measured at fair value using Level 1 inputs.

Cash and Cash Equivalents and Bank Indebtedness

The Company considers all highly liquid short-term investments with a maturity of three months or less to be cash equivalents. At December 31, 2015 and 2014, the Company had \$Nil in cash equivalents.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Exploration and Evaluation Assets

Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration and evaluation of mineral properties are capitalized by property. These direct expenditures include such costs as materials used, surveying, drilling, and payments made to contractors during the exploration phase. Costs not directly attributed to exploration and evaluation activities, including general administrative overhead costs, are expensed in the year in which they occur.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer a part of a mineral interest, as consideration, for an agreement by the farmee to meet certain exploration and evaluation expenditures which may have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of operations and comprehensive loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mines under construction." Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Future Reclamation Costs

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of reclamation of mineral interests (exploration and evaluation assets). The net present value of future rehabilitation cost estimates is capitalized to the related assets along with a corresponding increase in the reclamation provision in the year incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the reclamation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss for the year.

For the years presented, the Company does not have any significant future reclamation costs.

Loss per Share

Basic loss per share is computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year. For diluted per share computations, assumptions are made regarding potential common shares outstanding during the year. The weighted average number of common shares is increased to include the number of additional common shares that would be outstanding if, at the beginning of the year, or at time of issuance, if later, all options and warrants are exercised. Proceeds from exercise are used to purchase the Company's common shares at their average market price during the year, thereby reducing the weighted average number of common shares outstanding. If these computations prove to be anti-dilutive, diluted loss per share is the same as basic loss per share.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income Tax

Income tax on profit or loss for the year comprises current and deferred tax. Current tax is the expected tax paid or payable on the taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax paid or payable in respect of previous years.

Deferred tax is recorded by providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the year that includes the date of the enactment or substantive enactment of the change. Deferred tax assets and liabilities are presented separately except where there is a right of offset within fiscal jurisdictions.

Share-Based Payments

The Company grants stock options to buy common shares of the Company to directors, officers, employees and consultants. The Company recognizes share-based payments based on the estimated fair value of the options. A fair value measurement is made for each vesting instalment within each option grant and is determined using the Black-Scholes option-pricing model. The fair value of the options is recognized over the vesting period of the options granted as both share-based payments and reserves. This includes a forfeiture estimate, which is revised for actual forfeitures in subsequent periods. The reserves account is subsequently reduced if the options are exercised and the amount initially recorded is then credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of the goods or services received.

Flow-Through Shares

Canadian income tax legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. The Company accounts for flow-through shares whereby the premium paid for the flow-through shares in excess of the market value of the shares without flow-through features at the time of issue is credited to other liabilities and included into income at the same time the qualifying expenditures are made.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign Currency Translation

The functional currency and the reporting currency of the Company, and its subsidiary, is the Canadian dollar. Transactions denominated in foreign currency are translated into Canadian dollars at the rate of exchange in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies have been translated into Canadian dollars at the rate of exchange in effect at the statement of financial position date, while non-monetary assets and liabilities are translated at historical rates. Any gains or losses resulting from translation have been included in the statement of operations and comprehensive loss.

Equipment

Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Depreciation is provided at rates calculated to write off the cost of equipment, less its estimated residual value, using the following rate:

| | |
|---------------|-----------------------|
| Booth display | 20% declining balance |
|---------------|-----------------------|

Equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the statement of operations and comprehensive loss. Where an item of equipment comprises major components with different useful lives, the components are accounted for as separate items of equipment. Expenditures incurred to replace a component of an item of equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

Impairment of Long-lived Assets

At each financial position reporting date, the carrying amounts of the Company's long-lived assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use, which is the present value of future cash flows expected to be derived from the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the year.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of Long-lived Assets *(continued)*

For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Comprehensive Income (Loss)

Comprehensive income (loss) consists of net income (loss) and other comprehensive income (loss) and represents the change in equity (deficiency) which results from transactions and events from sources other than the Company's shareholders. Comprehensive income (loss) includes the unrealized holding gains and losses from available-for-sale marketable securities which are not included in net income (loss) until realized.

Future Accounting Pronouncements

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC that are mandatory for accounting periods beginning after January 1, 2016, or later periods. Updates that are not applicable or are not consequential to the Company have been excluded in the standards listed below.

The Company anticipates that the application of these standards, amendments, revisions and interpretations will not have a material impact on the results and financial position of the Company.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments is part of the IASB's wider project of replacing IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristic of the financial assets. This standard is effective for annual periods beginning on or after January 1, 2018.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Future Accounting Pronouncements *(continued)*

Amendments to IAS 1 Presentation of Financial Statements

The amendments are designed to encourage companies to apply professional judgement to determine what information to disclose in the financial statements. In addition, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures. The amendment is effective for annual periods beginning on or after January 1, 2016.

4. MARKETABLE SECURITIES

The following table summarizes changes with respect to the Company's marketable securities during the years ended December 31, 2015 and 2014:

| | PJX Resources Inc. | |
|----------------------------------|-------------------------------|----------|
| Cost | | |
| As at December 31, 2014 and 2013 | \$ | 70,000 |
| Disposals | | (70,000) |
| As at December 31, 2015 | \$ | - |
| Adjustments to Fair Value | | |
| As at December 31, 2013 | \$ | (10,000) |
| Adjustments for the year | | 5,000 |
| As at December 31, 2014 | | (5,000) |
| Adjustments for the year | | 5,000 |
| As at December 31, 2015 | \$ | - |
| Fair Value | | |
| As at December 31, 2014 | \$ | 65,000 |
| As at December 31, 2015 | \$ | - |

PJX Resources Inc.

During the year ended December 31, 2013, the Company received 500,000 common shares of PJX Resources Inc., a TSX-Venture Exchange listed company, in connection with the sale of exploration and evaluation assets. These shares had a fair value of \$70,000 initially and \$65,000 at December 31, 2014.

During the year ended December 31, 2015, the Company sold 500,000 common shares of PJX Resources Inc. for proceeds of \$45,000, resulting in \$25,000 in realized loss on the sale of marketable securities.

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5. EQUIPMENT

The following table summarizes the changes in the Company's equipment for the years ended December 31, 2015 and 2014:

| | Booth Display |
|--|----------------------|
| Cost | |
| As at December 31, 2015, 2014 and 2013 | \$ 7,504 |
| Accumulated Depreciation | |
| As at December 31, 2013 | \$ 5,702 |
| Depreciation for the year | 360 |
| As at December 31, 2014 | 6,062 |
| Depreciation for the year | 360 |
| As at December 31, 2015 | \$ 6,422 |
| Net Book Value | |
| As at December 31, 2014 | \$ 1,442 |
| As at December 31, 2015 | \$ 1,082 |

6. RECLAMATION DEPOSITS

During the year ended December 31, 2015, deposits in the amount of \$14,500 (2014 -\$15,000) with the British Columbia government were returned to the Company which related to the Purcell-Rub and Purcell-Zinger properties which were sold during the year ended December 31, 2013 to PJX Resources Inc. ("PJX"). These amounts recovered were returned to PJX as received.

7. EXPLORATION AND EVALUATION ASSETS

The following table summarizes the changes in the Company's exploration and evaluation assets for the years ended December 31, 2015 and 2014:

| | Purcell LOV |
|--|--------------------|
| Balance, December 31, 2013 | \$ 323,723 |
| Additions | 6,328 |
| Government tax credit | (3,526) |
| Impairment | (326,525) |
| Balance, December 31, 2015 and 2014 | \$ - |

The properties noted above are all located in southeast British Columbia, Canada.

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7. EXPLORATION AND EVALUATION ASSETS *(continued)*

Purcell LOV Property ("LOV Property")

The Company entered into a series of option agreements with Bearclaw Capital Corp. ("Bearclaw") (a TSX-Venture Exchange listed company), whereby Bearclaw could earn up to an 80% interest in the Company's LOV Property (part of the Purcell-Rub and Purcell-Zinger property group) located in the Purcell mountains in the East Kootenay region of British Columbia.

On September 9, 2012, Bearclaw notified the Company that it did not intend to exercise its option on the LOV Property and returned the LOV Property to the Company on October 25, 2012.

During the year ended December 31, 2014, the Company impaired the Purcell LOV property, by amounts of \$326,525, as the Company has no current plans to explore this property.

8. SHARE CAPITAL AND RESERVES

Authorized

Unlimited common shares without par value

Common Share Issuances

There were no common shares issued during the years ended December 31, 2015 and 2014.

Stock Options

The Company has a Rolling Stock Option Plan (the "Plan"), which follows the policies of the TSX Venture Exchange regarding stock option awards granted to employees, directors and consultants. The stock option plan allows a maximum of 10% of the issued shares to be reserved for issuance under the plan. Options granted under the Plan have a maximum term of 5 years. The vesting terms are at the discretion of the Board of Directors.

Reserves

| | Options and agent's warrants | Finance warrants | Total |
|--|---------------------------------|---------------------|--------------|
| Balance, December 31, 2015 and 2014 | \$ 623,092 | \$ 1,404,184 | \$ 2,027,276 |

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9. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

The Company did not pay or receive any amounts for interest or income taxes during the years ended December 31, 2015 and 2014.

The following were non-cash transactions affecting cash flows from investing and financing activities during the year ended December 31, 2015

- Unrealized gain on marketable securities \$5,000

The following were non-cash transactions affecting cash flows from investing and financing activities during the year ended December 31, 2014:

- Unrealized gain on marketable securities \$5,000

10. RELATED PARTY TRANSACTIONS

Related party transactions impacting the consolidated financial statements are summarized below and include transactions with the following individuals or entities:

Key Management Personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Remuneration attributed to key management personnel is summarized as follows:

| | Years ended December 31, | |
|----------------------|---------------------------------|-----------------|
| | 2015 | 2014 |
| Short-term benefits* | \$ 20,000 | \$ 7,878 |

*include base salaries, pursuant to contractual employment or consultancy arrangements, recorded in management fees.

Amounts owed to key management personnel as at December 31, 2015 include \$4,200 (2014 – \$36,274) in short-term benefits, and the amounts are included in accounts payable and accrued liabilities. The amounts due to related parties are non-interest bearing, with no fixed terms of repayment.

Other Related Party Transactions

As at December 31, 2015, \$Nil (2014 - \$8,000) is owed to a former officer and director, in relation to director fees.

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11. LOANS PAYABLE

During the year ended December 31, 2015, the Company completed loan arrangements by way of demand loans totalling \$34,700 (2014 - \$Nil) from an unrelated party. The loans bear an interest rate of 10% per annum and are repayable either in cash or in shares at the option of the lender. The Company repaid a principal amount of \$1,000 (2014 - \$Nil) in cash during the year. As at December 31, 2015, the Company had principal of \$33,700 (2014 - \$Nil) and interest of \$1,837 (2014 - \$Nil) owing to the lender.

12. INCOME TAXES

The reconciliation of income tax provision computed at statutory rates to the reported income tax provision is as follows:

| | Years ended December 31, | |
|--|---------------------------------|--------------|
| | 2015 | 2014 |
| Basic statutory and provincial income tax rate | 26% | 26% |
| Net loss for the year | \$ (62,902) | \$ (399,305) |
| Expected income tax recovery | \$ (16,000) | \$ (104,000) |
| Expiry of loss carryforward | 130,000 | - |
| Change in tax rates and other | (8,000) | 60,000 |
| Change in unrecognized deferred tax assets | (106,000) | 44,000 |
| Income tax recovery | \$ - | \$ - |

Significant components of the Company's deferred tax assets and liabilities are as follows:

| | December 31, | |
|--|---------------------|--------------|
| | 2015 | 2014 |
| Deferred income tax assets (liabilities): | | |
| Non-capital losses available for future period | \$ 915,000 | \$ 1,018,000 |
| Share issue costs | - | 5,000 |
| Equipment | 1,000 | 1,000 |
| Exploration and evaluation assets | 70,000 | 70,000 |
| Marketable securities | - | 1,000 |
| Allowable capital losses | 4,000 | 1,000 |
| | 990,000 | 1,096,000 |
| Unrecognized deferred tax assets | (990,000) | (1,096,000) |
| Net deferred tax asset | \$ - | \$ - |

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12. INCOME TAXES *(continued)*

The significant components of the Company's unrecognized temporary differences and tax losses are as follows:

| | December 31, 2015 | Expiry | December 31, 2014 | Expiry |
|---|----------------------|-----------|----------------------|-----------|
| Property and equipment | \$ 5,000 | No expiry | \$ 4,000 | No expiry |
| Share issue costs | - | - | 19,000 | 2015 |
| Non-capital losses available for future periods | 3,518,000 | 2026-2035 | 3,916,000 | 2015-2034 |
| Exploration and evaluation assets | 268,000 | No expiry | 268,000 | No expiry |
| Investment tax credit | 1,000 | 2021-2034 | 1,000 | 2021-2034 |
| Marketable securities | - | No expiry | 5,000 | No expiry |
| Allowable capital losses | 15,000 | No expiry | 5,000 | No expiry |

Tax attributes are subject to review and potential adjustment by tax authorities.

13. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support acquisition, exploration and evaluation of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

In the management of capital, the Company considers components of deficiency.

The property in which the Company has had interests are in the exploration stage; and as such, the Company has historically relied on the equity market to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the current reporting period.

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14. FINANCIAL RISK FACTORS

The Company's financial instruments consist of cash, bank indebtedness, marketable securities, accounts payable and accrued liabilities and loans payable.

The Company is exposed in varying degrees to a variety of financial instrument related risks.

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. The Company's cash is held at a large Canadian financial institution in interest bearing accounts.

The Company's receivables consist mainly of Goods and Services Tax receivable due from the Government of Canada, and as such the Company does not believe there is significant credit risk with respect to receivables.

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 manages liquidity risk through its capital management as outlined in Note 13 to the consolidated financial statements.

As at December 31, 2015, the Company does not have any cash resources to settle its current liabilities. Subsequent to year end, the Company closed \$605,000 in private placement financing (Note 16). The Company will need to raise additional funds through equity or debt to continue with its operations.

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.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company does not have any significant interest rate risk as at December 31, 2015, since it has no cash, and minimal interest-bearing debt.

SG SPIRIT GOLD INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in Canadian Dollars)

14. FINANCIAL RISK FACTORS *(continued)*

Market Risk *(continued)*

Price Risk

The Company is exposed to price risk with respect to commodity, equity and marketable security prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The prices of these commodities affect the value of the Company and the potential value of its property and investments. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Currency Risk

As at December 31, 2015, the Company's expenditures are predominantly in Canadian dollars, and any future equity raised is expected to be predominantly in Canadian dollars. As a result, the Company does not believe it is exposed to any significant currency risk.

15. SEGMENTED INFORMATION

The Company operates in one reportable segment, being the acquisition, exploration and evaluation of mineral resources in Canada.

16. SUBSEQUENT EVENTS

- a) On February 9, 2016, the Company completed a non-brokered private placement of 12,100,000 units, at a price of \$0.05 per unit, for gross proceeds of \$605,000. Each unit consists of one common share of the Company, and one share-purchase warrant entitling the holder to acquire an additional share at a price of \$0.10 per share for a period of five years.

The Company granted 1,300,000 stock options exercisable at a price of \$0.08 per share for a period of one year, to directors and officers of the Company. The options vest immediately.

- b) On March 11, 2016, the Company entered into a letter of intent effective March 8, 2016, pursuant to which the Company has agreed to acquire all of the issued and outstanding securities of ArcScan, Inc., an arm's length party.

SCHEDULE "C"
MD&A OF SG SPIRIT GOLD INC.
(See attached)

**SG SPIRIT GOLD INC.
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2017**

INTRODUCTION

This Management's Discussion & Analysis ("MD&A") is intended to supplement and complement the consolidated interim financial statements of SG Spirit Gold Inc. (the "Company" or "SG Spirit Gold") for the three months ended March 31, 2017. The information provided herein should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2016 including the accompanying notes.

All dollar figures presented are expressed in Canadian dollars unless otherwise noted. The consolidated interim financial statements of the Company and summary information derived therefrom have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls and to ensure that information used internally or disclosed externally, including the financial statements and MD&A, is complete and reliable. The Company's Board of Directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The Board's audit committee meets with management quarterly to review the consolidated financial statements, including the MD&A, and to discuss other financial, operating and internal control matters.

This MD&A is dated May 29, 2017 and presents material information up to this date.

The reader is encouraged to review the Company's statutory filings on www.sedar.com.

FORWARD LOOKING INFORMATION

Information set forth in this MD&A contains certain "forward-looking statements" under applicable securities laws. Forward-looking statements relate to future, not past, events. In this context, forward-looking statements often address expected future business and financial performance, and often contain words such as "anticipate", "believe", "plan", "estimate", "expect", and "intend", statements that an action or event "may", "might", "could", "should", or "will" be taken or occur, or other similar expressions. All statements, other than statements of historical fact, included herein including without limitation, statements about the future expenditures and capital needs of the Company and future financings and acquisitions are forward-looking statements.

Forward looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information.

Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking information contained in this MD&A is expressly qualified by this cautionary statement. Except

as required by applicable securities laws, the Company does not undertake any obligation to publicly update or revise any forward-looking information.

DESCRIPTION OF BUSINESS AND OVERVIEW

SG Spirit Gold Inc. (the "Company" or "SG Spirit Gold") is an exploration stage company whose common shares trade on the TSX Venture Exchange and is in the business of acquiring, exploring and evaluating mineral resource properties. All of the Company's exploration and evaluation assets are located in Canada. The address of the Company's registered office is #2200 – 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8.

At present, the Company maintains approximately 1,175 hectares of exploration and evaluation property located in the East Kootenay region of British Columbia known as the LOV Property. The LOV Property was previously optioned to Bearclaw Capital Corp. ("Bearclaw"), granting Bearclaw the option to earn up to an 80% interest in the property. All mineral claims relating to the LOV Property were returned to the Company by Bearclaw in October 2012 in addition to all assessment reports, logs and other technical data that Bearclaw had compiled on the LOV Property during the option period.

The Company currently has no plans with respect to the LOV property.

Further to the news release dated March 11, 2016, the Company entered into a definitive agreement ("agreement"), dated May 26, 2016 with ArcScan Inc. ("ArcScan"). ArcScan is a privately held company, incorporated under the laws of the State of Delaware, which has developed and has commenced the commercialization of the latest evolution of ultrasonic imaging technology. In accordance with the terms of the definitive agreement, ArcScan was to merge with SG Spirit Subco LLC which is a wholly owned subsidiary of the Company, pursuant to the laws of the State of Delaware, following which the resulting merged entity would continue as a wholly owned subsidiary of the Company. In consideration for completion of the merger, the current holders of ArcScan common shares and preferred A shares were to be issued one post consolidated common share of the Company in exchange for every one common share of ArcScan that they held. The transaction, when complete, would be considered a reverse takeover. The transaction was subject to regulatory approvals and trading in shares of the Company was halted pending completion of the transaction.

On October 25, 2016 SG Spirit Gold announced that the definitive agreement and plan of merger entered into between the Company and ArcScan, Inc. had expired and would not be further extended. Trading in the Company's shares resumed on October 27, 2016.

On September 30, 2016 the Company announced that, effective immediately, it had reconstituted its board of directors to consist of Richard Grayston, Mark Ferguson and Richard Ko. Mr. Grayston was appointed CEO of the Company and Mr. Ferguson was appointed CFO.

On February 10, 2017, the Company entered into a definitive amalgamation agreement (the "Definitive Agreement") with Northern Lights Marijuana Company Limited ("DOJA"), pursuant to which the Company proposes to acquire all of the issued and outstanding securities of DOJA.

In accordance with the terms of the Definitive Agreement DOJA will amalgamate with a wholly-owned subsidiary of the Company, following which the resulting amalgamated entity will continue as a wholly-owned subsidiary of the Company. In consideration for the completion of this transaction the current holders of DOJA class "A" voting common shares will be issued one-

and-eight-tenths (1.8) common shares of the Company in exchange for every share of DOJA they hold. Existing convertible securities of DOJA will be exchanged for convertible securities of the Company, on substantially the same terms, and applying the same exchange ratio.

On March 29, 2017 the Company appointed a syndicate of agents to sell by way of private placement up to 13,333,333 subscription receipts of the Company at a price of \$0.75 per subscription receipt for aggregate gross proceeds of up to \$10,000,000. Concurrently with the closing of the transaction contemplated in the Definitive Agreement each subscription receipt will be automatically exchanged into "Units" of the Company. Each Unit shall consist of one (1) common share of the Company and one-half of one common share purchase warrant. Each whole warrant shall entitle the holder to acquire one (1) additional common share of the Company at an exercise price of \$1.25 for a period of 24 months from the date of issuance.

SELECTED ANNUAL INFORMATION

The following financial data are selected information for the Company for the three most recently completed financial years:

| | December 31, 2016 | December 31, 2015 | December 31, 2014 |
|-------------------------------------|----------------------|----------------------|----------------------|
| Net loss for the year | \$ (211,338) | \$ (62,902) | \$ (399,305) |
| Net comprehensive loss for the year | (211,338) | (57,902) | (394,305) |
| Basic and diluted loss per share | (0.02) | (0.07) | (0.42) |
| Total assets | 94,113 | 3,959 | 68,444 |

Results for 2016 were dominated by efforts made by the Company to conduct due diligence regarding the acquisition of ArcScan, which effort were terminated in October, 2016.

The 2015 fiscal year was devoted to reviewing Company alternatives and possible exploration initiatives for the LOV property. Coincidentally management maintained minimal expenditure levels while seeking additional financing.

Results for 2014 were dominated by impairment charges concerning the LOV property and other east Kootenay property interests formerly held by the Company.

RESULTS OF OPERATIONS

The following selected financial data is derived from the financial statements of the Company prepared within acceptable limits of materiality and is in accordance with International Financial Reporting Standards.

| | 3 Months ended Mar 31, 2017 \$ | 3 Months ended Dec 31, 2016 \$ | 3 Months ended Sept 30, 2016 \$ | 3 Months ended June 30, 2016 \$ | 3 Months ended Mar 31, 2016 \$ | 3 Months ended Dec 31, 2015 \$ | 3 Months ended Sept 30, 2015 \$ | 3 Months ended June 30, 2015 \$ |
|---|---|---|--|--|---|---|--|--|
| Total revenue | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Net loss | 35,053 | 22,918 | 13,238 | 36,550 | 138,632 | 28,091 | 16,807 | 13,096 |
| Net loss per share, basic and diluted | 0.00 | 0.00 | 0.00 | 0.00 | 0.02 | 0.03 | 0.02 | 0.01 |
| Total assets | 170,906 | 94,113 | 35,896 | 48,071 | 71,703 | 3,959 | 83,269 | 92,989 |
| Total liabilities | 72,114 | 106,668 | 77,841 | 63,878 | 50,960 | 516,960 | 558,179 | 541,092 |
| Total shareholders' equity (deficiency) | 98,792 | (12,555) | (41,945) | (15,807) | 20,743 | (513,001) | (474,910) | (448,103) |

Operating Results for the Three Months Ended March 31, 2017

During the three months ended March 31, 2017 SG Spirit Gold incurred a loss of \$35,053 (\$0.00 per share) compared to a loss of \$138,632 (\$0.02 per share) in the same period of 2015. Consulting fees were \$7,500 in the first quarter of 2017 versus \$1,000 in the first three months of 2016. The increase occurred because CEO of the Company, appointed September 30, 2016, receives a \$2,500 per month consulting fee for his services whereas prior to September 30, 2016 the officers of the Company received management fees. Filing fees were \$8,700 in the three months ended March 31, 2017 compared to a \$5,520 in the first three months of 2016. Interest expense was \$NIL in the quarter ended March 31, 2017 compared with \$1,225 in the first three months of 2016 as all interest-bearing loans were repaid with the proceeds of the February, 2016 private placement. SG Spirit Gold experienced a \$1,500 recovery of management fees in the 2017 period compared to management fees of \$4,000 in the 2015 period. These changes reflect the change in management at September 30, 2016. Office costs were minimal in the two three month periods: 2017 - \$854, 2016 - \$1,387. The Company paid professional fees of \$17,914 in the first quarter of 2017 as a result of the initial efforts to complete a transaction with DOJA while professional fees were \$33,396 in the first quarter of 2016 as the Company focussed on completing the proposed ArcScan transaction. The Company had transfer agent fees of \$1,585 in the 2017 period versus \$NIL in the 2016 period. Share based compensation costs were \$NIL in the first three months of 2017 versus \$70,537 in the first three months of 2016; the latter incurred as a result of the issuance of 1,300,000 stock options in February, 2016. Travel costs were \$NIL in the three months ended March 31, 2017 versus \$21,567 in the first three months of 2016 as a result of due diligence efforts concerning the proposed ArcScan transaction.

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2017, the Company had cash of \$168,780, amounts receivable of \$2,126, and current liabilities of \$72,114. As a result SG Spirit Gold had a working capital of \$98,792.

Cash Flow

Cash used in operating activities during the three months ended March 31, 2017 amounted to \$70,797, compared to \$500,176 during the first quarter of 2016. The private placement in February, 2016 which allowed for a substantial reduction of accounts payable along with the ongoing ArcScan efforts were the principal reasons for the greater use of cash in 2016.

In the first three months of 2017 the Company raised a net \$146,400 (\$110,000 from the exercise of warrants and \$36,400 from the exercise of stock options) in cash. In the first three months of 2016 SG Spirit Gold raised a net \$566,302 in cash primarily from a private placement

that realized gross proceeds of \$605,000.

At present, the Company has no producing properties and consequently has no current operating income or cash flows. The Company is actively seeking additional sources of financing to pay its ongoing working capital needs and finance the acquisition of new projects. The Company intends to finance its future requirements through a combination of debt and/or equity issuance. There is no assurance that the Company will be able to obtain such financings or obtain them on favorable terms. These uncertainties cast significant doubt on the Company's ability to continue as a going concern.

The Company's cash and cash equivalents are held in a Schedule 1 Canadian financial institution and its affiliated brokerage house in highly liquid accounts and interest bearing investments. No amounts have been or are invested in asset-backed commercial paper.

To date, the Company's operations, exploration and evaluation activities have been almost entirely financed from equity financings. The Company will continue to identify financing opportunities in order to provide additional financial flexibility and to continue the development of its property portfolio, meet land claim expenditure requirements and other commitments. While the Company has been successful raising the necessary funds in the past, there can be no assurance it can do so in the future.

RELATED PARTY TRANSACTIONS

During the three months ended March 31, 2017 the Company incurred \$7,500 (2016 - \$4,000) in management fees to directors, former directors or companies controlled by directors or former directors. At March 31, 2017 the Company owed directors, former directors or companies controlled by former directors amounts totaling \$27,650 (2016 - \$10,500) in respect of these fees, which is included in accounts payable and accrued liabilities.

CAPITAL STOCK

Common Shares

The Company's share capital consists of an unlimited number of common shares.

As at March 31, 2017 there are 15,211,457 common shares outstanding.

Common shares issued during the year ended December 31, 2016:

On February 9, 2016, the Company completed a non-brokered private placement of 12,100,000 units at a price of \$0.05 per unit for gross proceeds of \$605,000. Each unit consists of one common share of the Company and one share purchase warrant entitling the holder to acquire an additional share at a price of \$0.10 per share for a period of 5 years. The Company paid \$16,061 in share issue costs related to this private placement.

In addition, 800,000 shares were issued following the exercise 800,000 warrants originally issued as part of the February 9, 2016 private placement.

Common shares issued during the three months ended March 31, 2017:

1,100,000 warrants were exercised resulting in the issuance of 1,100,000 common shares at \$0.12 per share.

260,000 stock options were exercised resulting in the issuance of 260,000 common shares at \$0.14 per share.

Share Purchase Warrants

On February 9, 2016 the Company issued 12,100,000 share purchase warrants. Each warrant entitles the holder to purchase one common share of the Company at a price of \$0.10 per share for a period of five years. The warrants expire on February 9, 2021.

800,000 of these warrants were exercised in 2016, leaving 11,300,000 warrants outstanding at December 31, 2016.

In the first quarter of 2017 a further 1,100,000 warrants were exercised leaving 10,200,000 warrants outstanding as at March 31, 2017.

Stock Options

On February 9, 2016, the Company granted 1,300,000 incentive stock options to directors and officers. The incentive stock options have an exercise price of \$0.08 per share, expire one year from the date of grant and vest immediately. These stock options were cancelled on September 30, 2016.

On November 30, 2016 the Company approved the issuance of 520,000 options to consultants at an exercise price of \$0.14. These options were granted for a period of five years and vest immediately. During the first three months of 2017 260,000 of these options were exercised. As a result 260,000 options remain outstanding exercisable at \$0.14 per share until November 30, 2021.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with International Financial Reporting Standards ("IFRS") requires management to make judgments, estimates and assumptions that affect the application of accounting policies regarding certain types of assets, liabilities, revenues and expenses. Actual results could differ from those estimates.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

Critical judgments in applying accounting policies

The preparation of financial statements requires management to make judgments regarding the going concern of the Company, as discussed in Note 1 of the consolidated financial statements for the year ended December 31, 2016. In addition, management has made judgments regarding the functional currency of the Company, and has determined that the functional currency of the Company is the Canadian dollar.

Key Sources of Estimation Uncertainty

Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates and such differences could be significant. Significant estimates made by management affecting the consolidated financial statements include, but are not limited to, the following:

Impairment of exploration and evaluation assets

At the end of each reporting period the carrying amounts of the Company's exploration and evaluation assets are reviewed to determine whether there is any indication that they have suffered an impairment loss or reversal of previous impairment. Where such an indication exists, the recoverable amount is estimated in order to determine the extent of the impairment.

Share-based payments

Estimating fair value for granted stock options requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, and rate of forfeitures and making assumptions about them.

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, which in turn is dependent upon the successful discovery, development and commercialization of mineral reserves. 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 less deferred tax assets or liabilities, and deferred income tax provisions or recoveries could be affected.

ACCOUNTING POLICIES

For a summary of the Company's accounting policies and new accounting standards to be adopted, see Note 3 of the audited consolidated financial statements for the year ended December 31, 2016.

RISK FACTORS

The exploration of mineral deposits involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. Certain of the more immediate risk factors are discussed below.

Conflicts of Interest

Certain of the directors and officers of the Company may serve from time to time as directors, officers, promoters and members of management of other companies involved in natural resource exploration and development and therefore it is possible that a conflict may arise between their duties as a director or officers of the Company and their duties as a director, officer, promoter or member of management of such other companies. The directors and officers of the Company are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosures by directors of conflicts of interest and the Company will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors or officers. All such conflicts will be disclosed by such directors or officers in accordance with applicable laws and the directors and officers will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

Third Party Credit Risk

The Company may be exposed to third party credit risk through its contractual arrangements with future joint venture partners and other parties. In the event such entities fail to meet their contractual obligations to the Company, such failures may have a material adverse effect on the Company's business, financial condition, results of operations and prospects. In addition, poor credit conditions in the industry and of joint venture partners may impact a joint venture partner's willingness to participate in the Company's ongoing capital program, potentially delaying the program and the results of such program until the Company finds a suitable alternative partner.

Exploration, Evaluation and Development

Mineral exploration, evaluation and development involve a high degree of risk and few properties that are explored are ultimately developed into producing mines. There is no assurance that the Company's mineral exploration and evaluation activities will result in any discoveries of new bodies of commercial ore. There is also no assurance that presently identified mineralization can be mined at a profit. Discovery of mineral deposits is dependent upon a number of factors and significantly influenced by the technical skill of the exploration personnel involved.

The commercial viability of a mineral deposit is also dependent upon a number of factors, some of which are beyond the Company's control such as commodity prices, exchange rates, government policies and regulation and environmental protection.

Financing

The Company does not currently have any operations generating cash to fund projected levels of exploration and evaluation activity and associated overhead costs. The Company is therefore dependent upon debt and equity financing to carry out its exploration and evaluation plans. There can be no assurance that such financing will be available to the Company. In the future, the Company will require additional funding to maintain its properties in good standing. The lack of additional financing could result in delay or indefinite postponement of further exploration and possible, partial, or total loss of the Company's interest in its exploration and evaluation assets.

Commodity Price Volatility

The market prices for commodities are volatile. The Company does not have any control over such prices or volatility. Lower commodity prices could make it more difficult for the Company to obtain financing for its current or new mineral projects. There is no assurance that if commercial quantities of mineralization are discovered, a profitable market will exist for a production decision to be made or for the ultimate sale of production at a profit. As the Company is currently not in production, no sensitivity analysis for price changes has been provided.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements as at the date hereof.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, amounts receivables and accounts payable and accrued liabilities.

The Company is exposed in varying degrees to a variety of financial instrument related risks.

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. The Company's cash is held at a large Canadian financial institution in interest bearing accounts.

The Company's receivables consist mainly of Goods and Services Tax receivable due from the Government of Canada, and as such the Company does not believe there is significant credit risk with respect to accounts receivable.

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 manages liquidity risk through its capital management as outlined in Note 11 to the audited consolidated financial statements for the year ended December 31, 2016.

As at March 31, 2017, the Company has sufficient cash to settle all of its accounts payable and accrued liabilities. The Company will need to raise additional funds through equity or debt to continue with its operations.

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.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Price Risk

The Company is exposed to price risk with respect to commodity, equity and marketable security prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The prices of these commodities affect the value of the Company and the potential value of its property and investments. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Currency Risk

As at March 31, 2017, the Company's expenditures are predominantly in Canadian dollars, and any future equity raised is expected to be predominantly in Canadian dollars. As a result, the Company does not believe it is exposed to any significant currency risk.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

There have been no changes in the Company's internal control over financial reporting during the three months ended March 31 2017, that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

EVENTS AFTER THE REPORTING PERIOD

On April 28, 2017 the Company and DOJA agree to amend the terms of the Definitive Agreement. Completion of the acquisition of DOJA is now subject to, among other things, the Company completing a consolidation of its issued and outstanding share capital on a three-for-one basis, DOJA completing a financing for gross proceeds of at least \$3,000,000 on or before May 31, 2017, receipt of any required shareholder, regulatory and third party consents, the Canadian Securities Exchange having conditionally accepted the listing of the Company's common shares, the TSX Venture Exchange having consented to the voluntary delisting of the Company's common shares and the satisfaction of other customary closing conditions.

After the amalgamation process is complete, the Company will change its name to DOJA Cannabis Company Limited. The acquisition is expected to close in June, 2017.

Additional information relating to the Company is available on SEDAR at www.sedar.com.

APPROVAL

The Board of Directors of SG Spirit Gold Inc. has approved the disclosure contained in this MD&A.

SG SPIRIT GOLD INC.
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE THREE MONTHS AND YEAR ENDED DECEMBER 31, 2016

INTRODUCTION

This Management's Discussion & Analysis ("MD&A") is intended to supplement and complement the consolidated financial statements of SG Spirit Gold Inc. (the "Company" or "SG Spirit Gold"). The information provided herein should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2016 including the accompanying notes.

All dollar figures presented are expressed in Canadian dollars unless otherwise noted. The consolidated financial statements of the Company and summary information derived therefrom have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls and to ensure that information used internally or disclosed externally, including the financial statements and MD&A, is complete and reliable. The Company's Board of Directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The Board's audit committee meets with management quarterly to review the consolidated financial statements, including the MD&A, and to discuss other financial, operating and internal control matters.

This MD&A is dated May 1, 2017 and presents material information up to this date.

The reader is encouraged to review the Company's statutory filings on www.sedar.com.

FORWARD LOOKING INFORMATION

Information set forth in this MD&A contains certain "forward-looking statements" under applicable securities laws. Forward-looking statements relate to future, not past, events. In this context, forward-looking statements often address expected future business and financial performance, and often contain words such as "anticipate", "believe", "plan", "estimate", "expect", and "intend", statements that an action or event "may", "might", "could", "should", or "will" be taken or occur, or other similar expressions. All statements, other than statements of historical fact, included herein including without limitation, statements about the future expenditures and capital needs of the Company and future financings and acquisitions are forward-looking statements.

Forward looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information.

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as required by applicable securities laws, the Company does not undertake any obligation to publicly update or revise any forward-looking information.

DESCRIPTION OF BUSINESS AND OVERVIEW

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At present, the Company maintains approximately 1,175 hectares of exploration and evaluation property located in the East Kootenay region of British Columbia known as the LOV Property. The LOV Property was previously optioned to Bearclaw Capital Corp. (“Bearclaw”), granting them the option to earn up to an 80% interest in the property. All mineral claims relating to the LOV Property were returned to the Company by Bearclaw in October 2012 in addition to all assessment reports, logs and other technical data that Bearclaw had compiled on the LOV Property during the option period.

The Company currently has no plans with respect to the LOV property.

Further to the news release dated March 11, 2016, the Company entered into a definitive agreement (“agreement”), dated May 26, 2016 with ArcScan Inc. (“ArcScan”). ArcScan is a privately held company, incorporated under the laws of the State of Delaware, which has developed and has commenced the commercialization of the latest evolution of ultrasonic imaging technology. In accordance with the terms of the definitive agreement, ArcScan was to merge with SG Spirit Subco LLC which is a wholly owned subsidiary of the Company, pursuant to the laws of the State of Delaware, following which the resulting merged entity would continue as a wholly owned subsidiary of the Company. In consideration for completion of the merger, the current holders of ArcScan common shares and preferred A shares were to be issued one post consolidated common share of the Company in exchange for every one common share of ArcScan that they held. The transaction, when complete, would be considered a reverse takeover. The transaction was subject to regulatory approvals and trading in shares of the Company was halted pending completion of the transaction.

On October 25, 2016 SG Spirit Gold announced that the definitive agreement and plan of merger entered into between the Company and ArcScan, Inc. had expired and would not be further extended. Trading in the Company’s shares resumed on October 27, 2016.

The Company also intends to seek additional resource and/or business opportunities which might increase returns to investors.

On September 30, 2016 the Company announced that, effective immediately, it had reconstituted its board of directors to consist of Richard Grayston, Mark Ferguson and Richard Ko. Mr. Grayston was appointed CEO of the Company and Mr. Ferguson was appointed CFO.

SELECTED ANNUAL INFORMATION

The following financial data are selected information for the Company for the three most recently completed financial years:

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|-------------------------------------|----------------------|----------------------|----------------------|
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| Net comprehensive loss for the year | (211,338) | (57,902) | (394,305) |
| Basic and diluted loss per share | (0.02) | (0.07) | (0.42) |
| Total assets | 94,113 | 3,959 | 68,444 |

Results for 2016 were dominated by efforts made by the Company to conduct due diligence regarding the acquisition of ArcScan, which effort were terminated in October, 2016.

The 2015 fiscal year was devoted to reviewing Company alternatives and possible exploration initiatives for the LOV property. Coincidentally management maintained minimal expenditure levels while seeking additional financing.

Results for 2014 were dominated by impairment charges concerning the LOV property and other east Kootenay property interests formerly held by the Company.

RESULTS OF OPERATIONS

The following selected financial data is derived from the financial statements of the Company prepared within acceptable limits of materiality and is in accordance with International Financial Reporting Standards.

| | 3 Months ended Dec 31, 2016 \$ | 3 Months ended Sept 30, 2016 \$ | 3 Months ended June 30, 2016 \$ | 3 Months ended Mar 31, 2016 \$ | 3 Months ended Dec 31, 2015 \$ | 3 Months ended Sept 30, 2015 \$ | 3 Months ended June 30, 2015 \$ | 3 Months ended Mar 31, 2015 \$ |
|---|---|--|--|---|---|--|--|---|
| Total revenue | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Net loss | 22,918 | 13,238 | 36,550 | 138,632 | 28,091 | 16,807 | 13,096 | 4,908 |
| Net loss per share, basic and diluted | 0.00 | 0.00 | 0.00 | 0.02 | 0.03 | 0.02 | 0.01 | 0.00 |
| Total assets | 94,113 | 35,896 | 48,071 | 71,703 | 3,959 | 83,269 | 92,989 | 93,131 |
| Total liabilities | 106,668 | 77,841 | 63,878 | 50,960 | 516,960 | 558,179 | 541,092 | 528,138 |
| Total shareholders' deficiency (equity) | 12,555 | 41,945 | 15,807 | (20,743) | 513,001 | 474,910 | 448,103 | 435,007 |

Operating Results for the Three Months Ended December 31, 2016

During the three months ended December 31, 2016 SG Spirit Gold incurred a loss of \$22,918 (\$0.00 per share) compared to a loss of \$28,091 (\$0.03 per share) in the same period of 2015. Depreciation expense was \$NIL in the 2016 three months compared to \$90 in the 2015 period as the Company wrote-off the remaining balance in the Equipment account in 2016. Filing fees were \$414 in the three months ended December 31, 2016 compared to a recovery of \$630 in the same three months of 2015. Interest expense was a recovery in both periods: \$171 in the

2016 period compared to \$1,029 in the 2015 period. The Company retired outstanding loans in the 2016 period with the proceeds of the February, 2016 private placement. SG Spirit Gold paid \$27,500 in management fees in the 2016 period compared to management fees of \$8,000 in the 2015 period. The higher fees paid in the 2016 period are attributable to the payment of retiring allowances paid to officers and directors who left the Company on October 1, 2016. Office costs were minimal in the two three month periods: 2016 - (592), 2015 - \$659. The Company paid professional fees of \$24,159 in the 2016 period as a result of the termination of the proposed ArcScan transaction versus a recovery of professional fees in the amount of \$3,999 in the 2015 period. The Company had transfer agent fees of \$1,227 in the 2016 period versus \$NIL in the 2015 period. A net recovery of share based compensation occurred in the 2016 three months: \$27,692. This was caused by the cancellation, in the year of issuance, of 1,300,000 stock options, followed by the issuance of 520,000 options in November, 2016. Lastly, the Company incurred an unrealized loss on marketable securities in the amount of \$25,000 in the last three months of 2015.

Operating Results for the Year Ended December 31, 2016

In the year ended December 31, 2016 SG Spirit Gold incurred a loss of \$211,338 (\$0.02 per share) compared to a loss of \$62,902 (\$0.07 per share) in the 2015 fiscal year. A number of expense categories were higher in the 2016 period as a result of efforts expended on the proposed ArcScan transaction: Filing fees - \$8,434 in 2016 versus \$3,924 in 2015; Transfer agent fees of \$6,861 in 2016 versus \$NIL in 2015; Travel of \$21,568 in fiscal 2016 versus \$NIL in 2015; and Consulting fees were \$28,500 in 2016 versus \$1,211 in 2015. Depreciation was higher in 2016, at \$1,082, compared to 2015, at \$270, as the Company wrote-off the remaining equipment balance in 2016. Interest cost was lower in fiscal 2016, at \$1,225, than in 2015, when it was \$1,837, as the Company repaid loans in 2016 with part of the proceeds of the February, 2016 private placement. Management fees totaled \$23,000 in 2016 versus \$20,000 in 2015 with the 2016 expense including \$10,000 in resignation bonuses when new management was retained after terminating the proposed ArcScan transaction. Office costs were \$1,683 in 2016 versus \$9,896 in 2015. Professional fees were substantially higher in 2016, at \$78,067, than in 2015, when they were \$3,698, because of the significant efforts to acquire ArcScan plus initial work on a Letter of Intent regarding another possible acquisition. The Company incurred a share based compensation expense of \$42,845 in 2016 versus \$NIL in 2015 as a result of stock option transactions in 2016.

Lastly, there were several transactions in the "Other expense (income)" category between the two fiscal years: In 2016 the Company recovered tax in the amount of \$1,927; in 2015 the Company had a gain on an account payable write-off of \$3,024 and a realized loss on marketable securities in the amount of \$25,000.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2016, the Company had cash of \$93,177, amounts receivable of \$936, and current liabilities of \$106,668. As a result SG Spirit Gold had a working capital deficiency of \$12,555. Additional equity or debt financing will be required. There can be no assurance that the Company will be able to obtain adequate financing to achieve its objectives.

Cash Flow

Cash used in operating activities during the year ended December 31, 2016 amounted to \$539,794, compared to \$77,889 during the prior year. A larger loss in the 2016 period,

because of ArcScan efforts and payment of accounts payable in 2016, was the principal reasons for the greater use of cash in 2016.

In 2015 the Company received \$45,000 from the sale of marketable securities.

The Company raised a net \$633,402 in cash as a result of financing activities in 2016 compared to a net \$33,700 raised in 2015. The monies raised in the 2016 period resulted from a private placement of \$605,000, from which the Company paid share issue costs of \$16,061 and repaid loans in the amount of \$38,037, and received \$80,000 cash as a result of exercise of warrants. In 2015 the Company received loans in the net amount of \$33,700.

At present, the Company has no producing properties and consequently has no current operating income or cash flows. The Company does not have sufficient cash to cover its working capital deficit. The Company is actively seeking additional sources of financing to pay its ongoing working capital needs and finance the acquisition of new projects. The Company intends to finance its future requirements through a combination of debt and/or equity issuance. There is no assurance that the Company will be able to obtain such financings or obtain them on favorable terms. These uncertainties cast significant doubt on the Company's ability to continue as a going concern.

The Company's cash and cash equivalents are held in a Schedule 1 Canadian financial institution and its affiliated brokerage house in highly liquid accounts and interest bearing investments. No amounts have been or are invested in asset-backed commercial paper.

To date, the Company's operations, exploration and evaluation activities have been almost entirely financed from equity financings. The Company will continue to identify financing opportunities in order to provide additional financial flexibility and to continue the development of its property portfolio, meet land claim expenditure requirements and other commitments. While the Company has been successful raising the necessary funds in the past, there can be no assurance it can do so in the future.

LOANS PAYABLE

Loans payable in the amount of \$NIL (December 31, 2015 - \$35,537) are unsecured and bear interest at 10% per annum. The lender has the option to be repaid in cash or shares of the Company. The Company repaid all loans in cash during the year ended December 31, 2016.

RELATED PARTY TRANSACTIONS

During the year ended December 31, 2016 the Company incurred \$30,500 (2015 - \$20,000) in management fees, including \$10,000 in resignation bonuses, payable to directors, former directors or companies controlled by directors or former directors. At December 31, 2016 the Company owed a director and former directors or companies controlled by former directors amounts totaling \$25,475 (2015 - \$4,200) in respect of these fees, which is included in accounts payable and accrued liabilities.

CAPITAL STOCK

Common Shares

The Company's share capital consists of an unlimited number of common shares.

As at December 31, 2016 there are 13,851,457 common shares outstanding.

Common shares issued during the year ended December 31, 2016:

On February 9, 2016, the Company completed a non-brokered private placement of 12,100,000 units at a price of \$0.05 per unit for gross proceeds of \$605,000. Each unit consists of one common share of the Company and one share purchase warrant entitling the holder to acquire an additional share at a price of \$0.10 per share for a period of 5 years. The Company paid \$16,061 in share issue costs related to this private placement.

In addition, 800,000 shares were issued following the exercise 800,000 warrants issued as part of the February 9, 2016 private placement.

There were no common share issuances during the year ended December 31, 2015.

Share Purchase Warrants

On February 9, 2016 the Company issued 12,100,000 share purchase warrants. Each warrant entitles the holder to purchase one common share of the Company at a price of \$0.10 per share for a period of five years. The warrants expire on February 9, 2021.

800,000 of these warrants were exercised in 2016, leaving 11,300,000 warrants outstanding at December 31, 2016.

Stock Options

On February 9, 2016, the Company granted 1,300,000 incentive stock options to directors and officers. The incentive stock options have an exercise price of \$0.08 per share, expire one year from the date of grant and vest immediately. These stock options were cancelled on September 30, 2016.

On November 30, 2016 the Company approved the issuance of 520,000 options to consultants at an exercise price of \$0.14. These options were granted for a period of five years and vest immediately.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with International Financial Reporting Standards ("IFRS") requires management to make judgments, estimates and assumptions that affect the application of accounting policies regarding certain types of assets, liabilities, revenues and expenses. Actual results could differ from those estimates.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

Critical judgments in applying accounting policies

The preparation of financial statements requires management to make judgments regarding the going concern of the Company, as discussed in Note 1 of the consolidated financial statements.

In addition, management has made judgments regarding the functional currency of the Company, and has determined that the functional currency of the Company is the Canadian dollar.

Key Sources of Estimation Uncertainty

Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates and such differences could be significant. Significant estimates made by management affecting the consolidated financial statements include, but are not limited to, the following:

Impairment of exploration and evaluation assets

At the end of each reporting period the carrying amounts of the Company's exploration and evaluation assets are reviewed to determine whether there is any indication that they have suffered an impairment loss or reversal of previous impairment. Where such an indication exists, the recoverable amount is estimated in order to determine the extent of the impairment.

Share-based payments

Estimating fair value for granted stock options requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, and rate of forfeitures and making assumptions about them.

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, which in turn is dependent upon the successful discovery, development and commercialization of mineral reserves. 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 less deferred tax assets or liabilities, and deferred income tax provisions or recoveries could be affected.

ACCOUNTING POLICIES

For a summary of the Company's accounting policies and new accounting standards to be adopted, see Note 3 of the accompanying consolidated financial statements.

RISK FACTORS

The exploration of mineral deposits involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. Certain of the more immediate risk factors are discussed below.

Conflicts of Interest

Certain of the directors and officers of the Company may serve from time to time as directors, officers, promoters and members of management of other companies involved in natural resource exploration and development and therefore it is possible that a conflict may arise between their duties as a director or officers of the Company and their duties as a director, officer, promoter or member of management of such other companies. The directors and officers of the Company are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosures by directors of conflicts of interest and the Company will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors or officers. All such conflicts will be disclosed by such directors or officers in accordance with applicable laws and the directors and officers will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

Third Party Credit Risk

The Company may be exposed to third party credit risk through its contractual arrangements with future joint venture partners and other parties. In the event such entities fail to meet their contractual obligations to the Company, such failures may have a material adverse effect on the Company's business, financial condition, results of operations and prospects. In addition, poor credit conditions in the industry and of joint venture partners may impact a joint venture partner's willingness to participate in the Company's ongoing capital program, potentially delaying the program and the results of such program until the Company finds a suitable alternative partner.

Exploration, Evaluation and Development

Mineral exploration, evaluation and development involve a high degree of risk and few properties that are explored are ultimately developed into producing mines. There is no assurance that the Company's mineral exploration and evaluation activities will result in any discoveries of new bodies of commercial ore. There is also no assurance that presently identified mineralization can be mined at a profit. Discovery of mineral deposits is dependent upon a number of factors and significantly influenced by the technical skill of the exploration personnel involved.

The commercial viability of a mineral deposit is also dependent upon a number of factors, some of which are beyond the Company's control such as commodity prices, exchange rates, government policies and regulation and environmental protection.

Financing

The Company does not currently have any operations generating cash to fund projected levels of exploration and evaluation activity and associated overhead costs. The Company is therefore

dependent upon debt and equity financing to carry out its exploration and evaluation plans. There can be no assurance that such financing will be available to the Company. In the future, the Company will require additional funding to maintain its properties in good standing. The lack of additional financing could result in delay or indefinite postponement of further exploration and possible, partial, or total loss of the Company's interest in its exploration and evaluation assets.

Commodity Price Volatility

The market prices for commodities are volatile. The Company does not have any control over such prices or volatility. Lower commodity prices could make it more difficult for the Company to obtain financing for its current or new mineral projects. There is no assurance that if commercial quantities of mineralization are discovered, a profitable market will exist for a production decision to be made or for the ultimate sale of production at a profit. As the Company is currently not in production, no sensitivity analysis for price changes has been provided.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, bank indebtedness, marketable securities, receivables, reclamation deposits, accounts payable and accrued liabilities and loans payable.

The Company is exposed in varying degrees to a variety of financial instrument related risks.

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. The Company's cash is held at a large Canadian financial institution in interest bearing accounts.

The Company's receivables consist mainly of Goods and Services Tax receivable due from the Government of Canada, and as such the Company does not believe there is significant credit risk with respect to accounts receivable.

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 manages liquidity risk through its capital management as outlined in Note 11 to the consolidated financial statements.

As at December 31, 2016, the Company does not have the cash resources to settle all of its current liabilities. The Company will need to raise additional funds through equity or debt to continue with its operations.

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.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Price Risk

The Company is exposed to price risk with respect to commodity, equity and marketable security prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The prices of these commodities affect the value of the Company and the potential value of its property and investments. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Currency Risk

As at December 31, 2016, the Company's expenditures are predominantly in Canadian dollars, and any future equity raised is expected to be predominantly in Canadian dollars. As a result, the Company does not believe it is exposed to any significant currency risk.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

There have been no changes in the Company's internal control over financial reporting during the year ended December 31 2016, that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

EVENTS AFTER THE REPORTING PERIOD

On February 10, 2017, the Company entered into a definitive amalgamation agreement (the "Definitive Agreement") with Northern Lights Marijuana Company Limited ("DOJA"), pursuant to which the Company proposes to acquire all of the issued and outstanding securities of DOJA.

In accordance with the terms of the Definitive Agreement DOJA will amalgamate with a wholly-owned subsidiary of the Company, following which the resulting amalgamated entity will continue as a wholly-owned subsidiary of the Company. In consideration for the completion of this transaction the current holders of DOJA class "A" voting common shares will be issued one-and-eight-tenths (1.8) common shares of the Company in exchange for every share of DOJA they hold. Existing convertible securities of DOJA will be exchanged for convertible securities of the Company, on substantially the same terms, and applying the same exchange ratio.

On April 28, 2017 the Company and DOJA agree to amend the terms of the Definitive Agreement. Completion of the acquisition of DOJA is now subject to, among other things, the Company completing a consolidation of its issued and outstanding share capital on a three-for-

one basis, DOJA completing a financing for gross proceeds of at least \$3,000,000 on or before May 31, 2017, receipt of any required shareholder, regulatory and third party consents, the Canadian Securities Exchange having conditionally accepted the listing of the Company's common shares, the TSX Venture Exchange having consented to the voluntary delisting of the Company's common shares and the satisfaction of other customary closing conditions.

After the amalgamation process is complete, the Company will change its name to DOJA Cannabis Company Limited. The acquisition is expected to close in June, 2017.

On March 29, 2017 the Company appointed a syndicate of agents to sell by way of private placement up to 13,333,333 subscription receipts of the Company at a price of \$0.75 per subscription receipt for aggregate gross proceeds of up to \$10,000,000. Concurrently with the closing of the transaction contemplated in the Definitive Agreement each subscription receipt will be automatically exchanged into "Units" of the Company. Each Unit shall consist of one (1) common share of the Company and one-half of one common share purchase warrant. Each whole warrant shall entitle the holder to acquire one (1) additional common share of the Company at an exercise price of \$1.25 for a period of 24 months from the date of issuance.

Subsequent to year end 260,000 options and 1,100,000 warrants were exercised at \$0.14 and \$0.10 per share respectively for proceeds of \$146,400.

Additional information relating to the Company is available on SEDAR at www.sedar.com.

APPROVAL

The Board of Directors of SG Spirit Gold Inc. has approved the disclosure contained in this MD&A.

SCHEDULE "D"
MD&A OF NORTHERN LIGHTS MARIJUANA COMPANY LIMITED
(See attached)

Northern Lights Marijuana Company Limited

Management Discussion & Analysis For the year ended March 31, 2017

Introduction

This MD&A is dated as of July 10, 2017, the date it was approved by the Board of Directors of Northern Lights Marijuana Company Limited (“NLMCO” or the “Company”), and reflects all material events up to that date.

It should be read in conjunction with the Company’s audited financial statements for the year ended March 31, 2017, including the notes thereof.

For reporting purposes, the Company prepares consolidated financial statements in Canadian dollars in conformity with International Financial Reporting Standards (“IFRS”). Unless otherwise indicated, all dollar (“\$”) amounts in this MD&A are expressed in Canadian dollars. Additional information relating to the Company is available on SEDAR at www.sedar.com.

Business Overview

NLMCO is a company incorporated under the British Columbia Business Corporations Act on October 26, 2012 under the name Kitsch Real Estate Holdings Ltd. On October 8, 2013, NLMCO changed its name to Northern Lights Marijuana Company Limited. The registered and head office of NLMCO is located at 1593 Ellis Street, Kelowna, British Columbia V1Y 2A7.

NLMCO is a Licensed Producer of medical marijuana in Canada under the Access to Cannabis for Medical Purposes Regulations (Canada) (“ACMPR”).

The market for cannabis (including medical marijuana) in Canada is regulated by the Controlled Drugs and Substances Act (“CDSA”), the ACMPR, the Narcotic Control Regulations and other applicable law. Health Canada is the primary regulator of the industry as a whole. The ACMPR aims to treat cannabis like any other narcotic used for medical purposes by creating conditions for a new commercial industry that is responsible for its production and distribution.

Any applicant seeking to become a licensed producer under the ACMPR is subject to stringent Health Canada licensing requirements.

Forward-Looking Statements

This MD&A contains forward-looking statements with respect to expected financial performance, strategy and business conditions. The words “believe”, “anticipate”, “estimate”, “plan”, “expect”, “intend”, “may”, “project”, “will”, “would” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. These statements reflect management’s current beliefs with respect to future events and are based on information currently available to management.

The forward-looking statements contained herein are based on certain key expectations and assumptions, including:

- the ability of the Company to generate cash flow from operations and obtain necessary financing on acceptable terms;
- general economic, financial market, regulatory and political conditions in which the Company operates;
- consumer interest in the Company’s products;
- the timely receipt of any required regulatory approvals, included approvals from Health Canada;
- competition;
- the ability of the Company to obtain qualified staff, equipment and services in a timely and cost efficient manner; and
- the ability of the Company to conduct operations in a safe, efficient and effective manner.

Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, undue reliance should not be placed on them as actual results may differ materially from the forward-looking statements. Forward-looking statements involve significant known and unknown risks and uncertainties. Many factors could cause actual results, performance or achievement to be materially different from any future forward-looking statements. Factors that may cause such differences include, but are not limited to, general economic and market conditions, investment performance, financial markets, legislative and regulatory changes, technological developments, catastrophic events and other business risks.

These forward-looking statements are as of the date of this MD&A and the Company and management assume no obligation to update or revise them to reflect new events or circumstances except as required by securities laws.

Results of Operations

On June 16, 2017, NLMCO received notification from Health Canada that it had been issued a License to cultivate under the ACMPR.

The below table provides a general overview of the licensing process as described by Health Canada.

| Stage | Overview |
|---|---|
| Stage 1 | Preliminary Screening: When an application is received, it undergoes a preliminary screening for completeness. If an application is not complete, it will be returned. If an application is complete, it will be assigned an application number. The application number means that the application has completed the preliminary screening. |
| Stage 2 | Enhanced Screening: Once an application has been assigned an application number, it will be reviewed to ensure: that the location of the proposed site does not pose a risk to public health, safety and security; that the proposed security measures outlined in the application meet the requirements of the ACMPR; and the proposed quality assurance person has the appropriate credentials to meet the good production requirements outlined in Division 4 of the ACMPR. It is the responsibility of the applicant to ensure that they are in compliance with all applicable provincial, territorial, and municipal legislation, regulations and bylaws, including zoning restrictions. |
| Stage 3 | Security Clearance: Once the screening of an application is complete, the security clearance forms for key personnel will be sent for processing. The time required to conduct mandatory security checks varies with each application. Security clearances generally take several months at a minimum. Health Canada and the RCMP are not able to provide updates on the status of security checks. Applications will only advance to the review stage once the security clearances for the key personnel are completed. Please note that until such a time as Health Canada receives the results of the security checks, there will be no further communication from Health Canada. |
| Stage 4 | Review: Once all security clearances are obtained, an application will be thoroughly reviewed to validate the information provided. Given the extensive review process, applicants are generally required to communicate with the Office of Controlled Substances multiple times to provide clarifications on the application. Physical security plans will be reviewed and assessed in detail at this stage. Applicants must meet a minimum of a level 7 (pursuant to the physical security directive) to be considered for a license. |
| Stage 5 | Pre-Licence Inspection: Upon confirmation from the applicant that the site has been fully built and security measures are in place, a pre-licence inspection will be scheduled. If any deficiencies are identified, they will be communicated to the applicant and must be addressed prior to a licence being issued. |
| Stage 6 <i>NLMCO received its license to cultivate on June 16, 2017</i> | Licensing: Once it has been confirmed through the pre-licence inspection that the applicant meets all the requirements of the ACMPR, a licence will be issued. Health Canada has introduced a staged process for the issuance of licences. Applicants will first be issued a licence to produce only. This will enable Health Canada inspectors to confirm that the first batch of dried marijuana produced meets the good production practices and record keeping requirements outlined in the ACMPR. It also allows Health Canada to verify the test results of the dried marijuana (e.g. for microbial and chemical contaminants) to ensure that the dried marijuana meets all quality control requirements before it is made available for sale. Once a licensed producer has finished producing the first crop of marijuana, they must demonstrate through an inspection and test results that the planned growing processes will result in the production of a dried product that meets the licensed producer's specified quality control standards and the Good Production Practices set out in Division 4 of the ACMPR. Only once Health Canada is satisfied the licensed producer meets the requirements of Division 4 of the ACMPR will a licence be amended to allow sale to the public. |

Applicants and Licensed Producers are required to demonstrate compliance with regulatory requirements, such as quality control standards, record-keeping of all activities as well as inventories of marijuana, and physical security measures to protect against potential diversion. Licensed Producers are also required to employ qualified quality assurance personnel who ultimately approve the quality of the product prior to making it available for sale. This approval process includes testing (and validation of testing) for microbial and chemical contaminants to ensure that they are within established tolerance limits for herbal medicines for human consumption as required under the Food and Drugs Act, and determining the percentage by weight of the two active ingredients of marijuana, delta-9-Tetrahydrocannabinol and cannabidiol.

NLMCO's facility (the "Facility") is a 7,100 square foot commercial building located at 6-2322 Dominion Road, West Kelowna, British Columbia and was acquired by NLMCO pursuant to a Contract of Purchase and Sale on October 15, 2016.

Selected Annual Information

| | Year ended March 31, 2017 \$ | Year ended March 31, 2016 \$ |
|--|---------------------------------------|---------------------------------------|
| Total revenue | 17,335 | 26,788 |
| Net income (loss) | (967,372) | (240,954) |
| Basic and diluted loss per share | (0.07) | (2,007.95) |
| Weighted average number of shares outstanding | 14,113,290 | 120 |
| Total assets | 4,782,848 | 42,914 |
| Long-term liabilities | 582,114 | - |
| Working capital (deficit) | 2,117,287 | (261,030) |

Discussion of the year ended March 31, 2017 versus 2016

The following table sets forth the statement of loss and comprehensive loss for the year ended March 31, 2017 and 2016:

| | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|--|---|---|
| Revenue: | | |
| Rental income | \$ 17,335 | \$ 26,788 |
| Gross profit | 17,335 | 26,788 |
| Expenses: | | |
| Rent | 43,177 | 55,000 |
| Loss on change in fair value of derivative liability | 492 | 139,789 |
| Salaries and wages | 120,371 | - |
| Stock-based compensation | 459,228 | - |
| Professional fees | 80,208 | 9,622 |
| Finance expense | 19,404 | 39,368 |
| Consulting fees | 216,443 | 12,867 |
| Utilities | 8,450 | 2,481 |
| Office expense | 30,108 | 7,564 |
| Vehicle | 530 | - |
| Travel | 168 | 1,076 |
| Finance income | (527) | (25) |
| Insurance | 6,655 | - |
| | 984,707 | 267,742 |
| Net loss and comprehensive loss | \$ (967,372) | \$ (240,954) |

Revenue

Revenue during the year ended March 31, 2017 consisted of rental revenue for sub-leased space. Revenue was lower on a year over year basis due to lower subleasing activity during the first quarter of 2017. No revenue has been generated from the Company's principal operations.

General and administrative expenses

General and administrative expenses consist of items, such as rent, utilities, vehicle, travel, insurance, professional fees, consulting fees, and other office overhead charges. These expenses increased during the year ended March 31, 2017 compared to the prior year due to a ramp up in activities as the Company continues to progress through the Health Canada licensing process.

Finance expenses

Finance expenses consist of interest, accretion and bank charges. These expenses were lower during the year ended March 31, 2017 as the Company recognized no accretion expense for the year, compared to \$38,996 for the year ended March 31, 2016.

Loss on change in fair value of derivative liability

In June 2015, convertible promissory notes payable were issued by the Company which contains a conversion feature and preferential equity participation rights. The preferential equity participation rights are classified as a derivative liability and re-valued to fair value at each reporting period. During the year ended March 31, 2017, a loss of \$492 was recognized on the change in fair value of the derivative liability, compared to a loss of \$139,789 recognized in 2016.

Net loss

The Company reported a net loss for the year ended March 31, 2017 of \$967,372, an increase from the prior year loss of \$240,954. The increase in the loss is due to increased operations during the year.

Selected Quarterly Financial Information

The Company did not prepare financial statements for those quarters prior to the date of this MD&A.

Subsequent event

Subsequent to the year, the Company issued 3,396,847 Class A common shares at a price of \$0.90 per share, for total gross proceeds of \$3,057,162, and incurred issuance costs of \$63,260.

Liquidity and Capital Resources

The Company's objective with respect to its capital management is to ensure it has sufficient cash resources to maintain its ongoing operations and finance its research and development activities, corporate and administration expenses, working capital and overall capital expenditures. Since inception, the Company has primarily financed its liquidity needs through issuance of shares and convertible promissory notes payable.

The Company is exposed to liquidity risk or the risk of not meeting its financial obligations as they come due. The Company constantly monitors and manages its cash flows to assess the liquidity necessary to fund operations. All of the Company's financial liabilities are due within one year except for the mortgage payable.

As at March 31, 2017, NLMCO had cash of \$1,896,364, and working capital of \$2,117,287. Based on the Company's historical performance to date and expected capital expenditures, management believes NLMCO has adequate cash resources to satisfy working capital needs for at least the next 12 months to fund operations.

Interest rate risk

The Company is subject to interest rate risk from its mortgage payable, which is currently a fixed rate instrument. As a result of debt not being subject to floating interest rates, changes in prevailing interest rates would not be expected to have a material impact on profit or loss. The Company does not consider this risk to be material.

Off-Balance Sheet Arrangements

NLMCO does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of NLMCO, including, and without limitation, such considerations as liquidity and capital resources.

Financial Instruments

The Company has classified its cash and derivative liability as fair value through profit and loss ("FVTPL"), accounts receivable and other receivables as loans and receivables, and accounts payable and accrued liabilities, due to related parties, and convertible promissory notes payable as other financial liabilities.

The carrying values of cash, accounts receivable, other receivables, due to related parties, accounts payable and accrued liabilities and convertible promissory notes payable approximate their fair values due to their short periods to maturity.

For additional information, refer to the financial statements of NLMCO.

Related party transactions

- The Company was indebted to officers of the Company in the amount of \$nil at March 31, 2017 (March 31, 2016 - \$16,303).
- During the year ended March 31, 2017, the Company issued 75,990 Class A common shares to settle \$22,797 owed to an officer of the Company.
- During the year ended March 31, 2016, officers of the Company advanced \$4,481 to the Company interest-free with no fixed terms of repayment.
- Certain related parties subscribed for convertible promissory notes payable issued in June 2015.
- Key management includes directors and officers of the Company. Total compensation paid to key management for the year was \$483,231 (2016 - \$nil), of which \$442,955 (2016 - \$nil) was stock-based compensation.

Proposed Transaction

On February 10, 2017, the Company entered into a definitive amalgamation agreement with SG Spirit Gold Inc. ("SG"). Pursuant to the terms of the Definitive Agreement, SG will acquire all of the issued and outstanding securities of the Company (the "Transaction").

On April 28, 2017, the Agreement was amended as agreed upon by both parties. In accordance with the terms of the amended Definitive Agreement, the Company will amalgamate with a wholly-owned subsidiary of SG, following which the resulting amalgamated entity will continue as a wholly-owned subsidiary of SG. Following a consolidation of the outstanding common shares of SG on a 1-for-3 basis, as consideration for completion of the Transaction, the current holders of the Company's Class A common shares will be issued 1.8 post-consolidated common shares of SG, in exchange for every share of the Company they hold.

Existing dilutive securities of the Company will be exchanged for dilutive securities of SG, on substantially the same terms, and applying the same exchange ratio.

Prior to closing of the Transaction it is anticipated that SG will apply to list its common shares for trading on the Canadian Securities Exchange (the "CSE") and voluntarily delist its shares from the TSX Venture Exchange. On closing of the Transaction it is anticipated that the Company will change its name to "DOJA Production Company Limited" and SG will change its name to "DOJA Cannabis Company Limited".

Closing of the Transaction remains subject to a number of conditions, including the completion of satisfactory due diligence, receipt of any required shareholder, regulatory and third-party consents, the Canadian Securities Exchange having conditionally accepted the listing of SG's common shares, the TSX Venture Exchange having consented to the voluntarily delisting of SG's common shares, and the satisfaction of other customary closing conditions.

Accounting Changes

New standards, amendments and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations have not been applied in preparing these financial statements, as set out below:

- IFRS 9, Financial Instruments, 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 through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. 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 other comprehensive income, for liabilities designated at fair value through profit or loss. The standard is effective for accounting periods beginning on or after January 1, 2018. Early adoption is permitted.
- IFRS 15, Revenue from Contracts with Customers, deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of goods or services and thus has the ability to direct the use and obtain the benefits from the goods or services. The standard replaces IAS 18, Revenue, and IAS 11, Construction Contracts, and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2018 and earlier application is permitted.
- In January 2016, the IASB issued IFRS 16, Leases, which will replace IAS 17, Leases. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Under IAS 17, lessees were required to make a distinction between a finance lease and an operating lease. IFRS 16 now requires lessees to recognize a lease liability reflecting future lease payments and a right-of-use asset for virtually all lease contracts. There is an optional exemption for certain short-term leases and leases of low value assets; however, this exemption can only be applied by lessees. The standard is effective for annual periods beginning on or after January 1, 2019, with earlier application if IFRS 15 is also applied.

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

Outstanding Share Data

The following securities were outstanding as at the date of this report:

| Class A common shares | 29,823,579 |
|-----------------------|------------|
| Warrants | 5,943,105 |
| Performance warrants | 4,231,333 |

Risk Factors

The Company's overall performance and results of operations are subject to a number of risks and uncertainties. The Company is subject to certain risks and uncertainties from both financial and operational factors. The risks and uncertainties described below are those that the Company's management believes are material, but these risks and uncertainties may not be the only ones that the Company may face. Additional risks and uncertainties, including those that the Company'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 the Company.

Some of the key risks are highlighted as follows:

Dried Marijuana is Not an Approved Drug or Medicine

Dried marijuana is not an approved drug or medicine in Canada. The Government of Canada does not endorse the use of marijuana, but the courts have required reasonable access to a legal source of marijuana when authorized by a healthcare practitioner.

The Company is Not a Licensed Seller Under the ACMPR

NLMCO is a licensed producer under the ACMPR that would enable NLMCO but is not yet licensed to sell medical marijuana. NLMCO's ability to sell medical marijuana in Canada is dependent on obtaining a license from Health Canada and there can be no assurance that NLMCO will obtain such a license.

NLMCO's success to date includes:

- NLMCO has received its license to produce marijuana;
- NLMCO personnel have passed through the security clearance stage of the licensing process; and
- NLMCO has substantially completed the build out of its proposed Facility.

NLMCO's license is subject to NLMCO complying with ongoing compliance and reporting requirements. Failure to comply with the requirements of the license or any failure to maintain the license could have a material adverse impact on the business, financial condition and operating results of the NLMCO. Furthermore, the license has an expiry date of June 16, 2020. Upon expiration of the license, NLMCO is required to submit an application for renewal to Health Canada containing information prescribed under the ACMPR and renewal cannot be assured.

Licensing Requirements Under the ACMPR

The market for cannabis (including medical marijuana) in Canada is regulated by the CDSA, the ACMPR, the Narcotic Control Regulations, and other applicable law. Health Canada is the primary regulator of the industry as a whole. The ACMPR aims to treat cannabis like any other narcotic used for medical purposes by creating conditions for a new commercial industry that is responsible for its production and distribution.

Any applicant seeking to become a Licensed Producer under the ACMPR is subject to stringent Health Canada licensing requirements.

Once a licensed producer has finished producing the first crop of marijuana, they must demonstrate through an inspection and test results that the planned growing processes will result in the production of a dried product that meets the licensed producer's specified quality control standards and the Good Production Practices set out in Division 4 of the ACMPR. Only once Health Canada is satisfied the licensed producer meets the requirements of Division 4 of the ACMPR will a licence be amended to allow sale to the public.

Applicants and Licensed Producers are required to demonstrate compliance with regulatory requirements, such as quality control standards, record-keeping of all activities as well as inventories of marijuana, and physical security measures to protect against potential diversion. Licensed producers are also required to employ qualified quality assurance personnel who ultimately approve the quality of the product prior to making it available for sale. This approval process includes testing (and validation of testing) for microbial and chemical contaminants to ensure that they are within established tolerance limits for herbal medicines for human consumption as required under the Food and Drugs Act, and determining the percentage by weight of the two active ingredients of marijuana, delta-9- Tetrahydrocannabinol and cannabidiol.

Factors related to the Facility which may Prevent Realization of Business Objectives

As of the date of this MD&A, the Company's proposed production Facility is substantially complete. The Facility was inspected by Health Canada prior to the granting of its license under the ACMPR. Adverse changes or developments affecting construction of the Facility and commencement of production could have a material and adverse effect on the Company's business, financial condition and prospects. There is a risk that these changes or developments could cause the Facility to not be completed on time, on budget, or at all, as it can be adversely affected by a variety of factors, including some that are discussed elsewhere in these risk factors and the following:

- a) delays in obtaining, or conditions imposed by, regulatory approvals;
- b) plant design errors;
- c) environmental pollution;
- d) non-performance by third party contractors;
- e) increases in materials or labour costs;
- f) construction performance falling below expected levels of output or efficiency;
- g) breakdown, aging or failure of equipment or processes;
- h) contractor or operator errors;
- i) labour disputes, disruptions or declines in productivity;
- j) inability to attract sufficient numbers of qualified workers;
- k) disruption in the supply of energy and utilities; or
- l) major incidents and/or catastrophic events such as fires, explosions, earthquakes or storms.

It is also possible that the final costs of constructing the Facility and commencing production may be significantly greater than anticipated by the Company's management, and may be greater than funds available to the Company, in which circumstance the Company may curtail, or extend the timeframes for completing its business plans. This could have an adverse effect on the financial results of the Company.

Timeframes and Cost to Obtain a License Under the ACMPR

The timeframes and costs required for the Company or any applicant for a license to sell under the ACMPR to build the infrastructure required, to apply for, and to receive, a License can be significant. Estimates of the timeframe and costs cannot be reliably determined at this time given that the Company is at the review stage in the licensing process. The current backlog of applications from other licensees with Health Canada and the anticipated timeframe for processing and approval of any application cannot be reliably determined at this time.

Ultimately, in the process of meeting all licensing requirements, a facility meeting the rigorous requirements of Health Canada must be available for inspection by Health Canada before any license can be granted.

Regulatory Risks

The proposed activities of the Company will be subject to regulation by governmental authorities, particularly Health Canada's Office of Controlled Substances. The Company's business objectives are contingent upon, in part, compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products. The Company cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of the Company.

Furthermore, although the operations of the Company are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail the Company's ability to produce or sell medical marijuana. Amendments to current laws and regulations governing the importation, distribution, transportation and/or production of medical marijuana, or more stringent implementation thereof could have a substantial adverse impact on the Company.

Governmental Regulations and Risks

The Company's operations are be subject to environmental regulation in the jurisdiction in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

Government approvals and permits are currently, and may in the future, be required in connection with the Company's operations. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from its proposed production of medical marijuana or from proceeding with the development of its operations as currently proposed.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. The Company may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing the production of medical marijuana, or more stringent implementation thereof, could have a material adverse impact on the Company and cause

increases in expenses, capital expenditures or production costs or reduction in levels of production or require abandonment or delays in development.

Limited Operating History

While NLMCO was incorporated and began carrying on business in 2013, it is yet to generate any significant revenue. The Company is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

History of Losses

The Company has incurred losses in recent periods. The Company may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, the Company expects to continue to increase operating expenses as it implements initiatives to continue to grow its business. If the Company's revenues do not increase to offset these expected increases in costs and operating expenses, it will not be profitable.

Risks Inherent in an Agricultural Business

The Company's business may, in the future, involve the growing of medical marijuana, an agricultural product. Such business will be subject to the risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks. Although all such growing is expected to be completed indoors under climate controlled conditions, there can be no assurance that natural elements will not have a material adverse effect on any such future production.

Energy Costs

The Company's medical marijuana growing operations will consume considerable energy, which will make it vulnerable to rising energy costs. Accordingly, rising or volatile energy costs may, in the future, adversely impact the business of the Company and its ability to operate profitably.

Reliance on Management

Another risk associated with the production and sale of medical marijuana is the loss of important staff members. The Company is currently in good standing with all high level employees and believes that with well managed practices will remain in good standing. The success of the Company will be dependent upon the ability, expertise, judgment, discretion and good faith of its senior management and key personnel. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results or financial condition.

Insurance and Uninsured Risks

The Company's business is subject to a number of risks and hazards generally, including adverse environmental conditions, accidents, labour disputes and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, environmental damage, delays in operations, monetary losses and possible legal liability.

Although the Company maintains and intends to continue to maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be

adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards encountered in the operations of the Company is not generally available on acceptable terms. The Company might also become subject to liability for pollution or other hazards which may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

The Company Will Be an Entrant Engaging in a New Industry

The medical marijuana industry is fairly new. There can be no assurance that an active and liquid market for shares of the Company will develop and shareholders may find it difficult to resell their shares. Accordingly, no assurance can be given that the Company will be successful in the long term.

Dependence on Suppliers and Skilled Labour

The ability of the Company to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to skilled labour, equipment, parts and components. No assurances can be given that the Company will be successful in maintaining its required supply of skilled labour, equipment, parts and components. This could have an adverse effect on the financial results of the Company.

Reliance on a Single Facility

To date, the Company's proposed activities and resources have been primarily focused on the premises leased under the Lease Agreement and the Company will continue to be focused on the Facility for the foreseeable future. Adverse changes or developments affecting the Facility could have a material and adverse effect on the Company's business, financial condition and prospects.

Difficulty to Forecast

The Company must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the medical marijuana industry in Canada. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Company.

Management of Growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company 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 the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Internal Controls

Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent fraud. Although the Company will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Company under Canadian securities law, the Company cannot be certain that such measures will ensure that the Company will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's results of operations or cause it to fail to meet its reporting obligations. If the Company or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Company's consolidated financial statements and materially adversely affect the trading price of the Company shares.

Liquidity

The Company cannot predict at what prices the Company will trade upon completion of the Amalgamation, and there can be no assurance that an active trading market in the Company will develop or be sustained. Final approval of the CSE has not yet been obtained. There is a significant liquidity risk associated with an investment in the Company.

Litigation

The Company 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 the Company becomes involved be determined against the Company such a decision could adversely affect the Company's ability to continue operating and the market price for Company shares and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant Company resources.

Risks Related to the Medical Marijuana Industry

Legislative or Regulatory Reform

The Company's operations will be subject to a variety of laws, regulations, guidelines and policies relating to the manufacture, import, export, management, packaging/labeling, advertising, sale, transportation, storage and disposal of medical marijuana but also including laws and regulations relating to drugs, controlled substances, health and safety, the conduct of operations and the protection of the environment. Due to matters beyond the control of the Company, these laws, regulations, guidelines and policies may cause adverse effects to its operations.

The commercial medical marijuana industry is a new industry and the Company anticipates that such regulations will be subject to change as the Federal Government monitors licensed producers in action.

Unfavourable Publicity or Consumer Perception

Management of the Company believes the medical marijuana industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the medical marijuana produced. Consumer perception of the Company's proposed products may be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medical marijuana 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 medical marijuana 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 the Company's proposed products and the business, results of operations, financial condition and cash flows of the Company. The Company'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 the Company, the demand for the Company's proposed products, and the business, results of operations, financial condition and cash flows of the Company. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of medical marijuana in general, or the Company's proposed products specifically, or associating the consumption of medical marijuana 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.

Product Liability

If licensed as a distributor of products designed to be ingested by humans, the Company faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the sale of the Company's products would 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 the Company's products alone or in combination with other medications or substances could occur. The Company may be subject to various product liability claims, including, among others, that the Company's products caused injury or illness, 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, could adversely affect the Company's 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 assurances that the Company will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of the Company's potential products.

Product Recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of the Company's products are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Company may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although the Company has detailed procedures in place for testing its products, there can be no assurance 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 significant brands were subject to recall, the image of that brand and the Company could be harmed. A recall for any of the foregoing reasons 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 Health Canada or other regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Competition

The Company will face intense competition from other companies, some of which have longer operating histories and more financial resources and manufacturing and marketing experience than the Company. Increased competition by larger and better financed competitors could materially and adversely affect the proposed business, financial condition and results of operations of the Company. In addition, the government has only issued to date a small number of licenses under the ACMPR to produce and sell medical marijuana. There are, however, several hundred applicants for licenses. The number of licenses granted could have an impact on the operations of the Company. Because of the early stage of the industry in which the Company operates, the Company expects to face additional competition from new entrants. If the number of users of medical marijuana in Canada increases, the demand for products will increase and the Company 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 Company will require a continued high level of investment in research and development, marketing, sales and client support. The Company 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 NLMCO.

SCHEDULE "E"
FINANCIAL STATEMENTS OF NORTHERN LIGHTS MARIJUANA COMPANY LIMITED
(See attached)

NORTHERN LIGHTS MARIJUANA COMPANY LIMITED
Financial statements

For the years ended March 31, 2017 and 2016
(In Canadian Dollars)

Independent Auditors' Report

To the Shareholders of Northern Lights Marijuana Company Limited:

We have audited the accompanying financial statements of Northern Lights Marijuana Company Limited, which comprise the statements of financial position as at March 31, 2017 and March 31, 2016, and the statements of loss and comprehensive loss, changes in shareholders' equity (deficiency) 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, 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.

Auditors' 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 auditors' judgment, including the assessment of the 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 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 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 Northern Lights Marijuana Company Limited as at March 31, 2017 and March 31, 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Toronto, Ontario

July 10, 2017

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

Northern Lights Marijuana Company Limited

Statements of Financial Position

(Expressed in Canadian Dollars)

| | March 31, 2017 | March 31, 2016 |
|---|---------------------|-------------------|
| Assets | | |
| Current assets | | |
| Cash | \$ 1,896,364 | \$ 28,228 |
| Short-term investment | 1,300 | - |
| Accounts receivable | 3,749 | 13,356 |
| Subscriptions receivable (note 5) | 347,500 | - |
| Other receivables | 85,723 | - |
| Prepaid expenses | - | 1,330 |
| | 2,334,636 | 42,914 |
| Property and equipment (note 4) | 2,448,212 | - |
| | \$ 4,782,848 | \$ 42,914 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | \$ 203,962 | \$ 11,356 |
| Due to related parties (note 7) | - | 16,303 |
| Convertible promissory notes payable (note 8) | - | 90,777 |
| Derivative liability (note 6) | - | 185,508 |
| Current portion of mortgage payable (note 9) | 13,387 | - |
| | 217,349 | 303,944 |
| Mortgage payable (note 9) | 582,114 | - |
| | 799,463 | 303,944 |
| Shareholders' equity (deficiency) | | |
| Share capital (note 5) | 4,451,420 | 12 |
| Contributed surplus (note 5) | 645,228 | - |
| Warrant reserve (note 5) | 115,151 | - |
| Deficit | (1,228,414) | (261,042) |
| | 3,983,385 | (261,030) |
| | \$ 4,782,848 | \$ 42,914 |

The accompanying notes are an integral part of these financial statements.

Nature of operations (note 1)

On behalf of the Board

“William Kitsch”
Director

“Jeffrey Barber”
Director

Northern Lights Marijuana Company Limited

Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

| | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|---|---|---|
| Revenue: | | |
| Rental income | \$ 17,335 | \$ 26,788 |
| Gross profit | 17,335 | 26,788 |
| Expenses: | | |
| Rent | 43,177 | 55,000 |
| Loss on change in fair value of derivative liability (note 6) | 492 | 139,789 |
| Salaries and wages (note 7) | 120,371 | - |
| Stock-based compensation (note 5 and 7) | 459,228 | - |
| Professional fees | 80,208 | 9,622 |
| Finance expense | 19,404 | 39,368 |
| Consulting fees | 216,443 | 12,867 |
| Utilities | 8,450 | 2,481 |
| Office expense | 30,108 | 7,564 |
| Vehicle | 530 | - |
| Travel | 168 | 1,076 |
| Finance income | (527) | (25) |
| Insurance | 6,655 | - |
| | 984,707 | 267,742 |
| Net loss and comprehensive loss | \$ (967,372) | \$ (240,954) |
| Net loss per share | | |
| Basic and diluted | \$ (0.07) | \$ (2,007.95) |
| Weighted average shares outstanding | 14,113,290 | 120 |

The accompanying notes are an integral part of these financial statements.

Northern Lights Marijuana Company Limited

Statements of Changes in Shareholders' Equity (Deficiency)

For the years ended March 31, 2017 and 2016

(Expressed in Canadian Dollars)

| | Share capital | Contributed surplus | Warrants | Deficit | Total |
|---|---------------------|---------------------|-------------------|-----------------------|---------------------|
| Balance, March 31, 2015 | \$ 12 | \$ - | \$ - | \$ (20,088) | \$ (20,076) |
| Net loss for the year | - | - | - | (240,954) | (240,954) |
| Balance, March 31, 2016 | \$ 12 | \$ - | \$ - | \$ (261,042) | \$ (261,030) |
| Cancellation of shares | (12) | - | - | - | (12) |
| Shares issued for cash, net of issuance costs | 3,943,623 | - | 115,151 | - | 4,058,774 |
| Subscriptions receivable | 347,500 | - | - | - | 347,500 |
| Shares issued for services | 62,797 | - | - | - | 62,797 |
| Conversion of promissory notes | 97,500 | - | - | - | 97,500 |
| Exercise of preferential participation rights | - | 186,000 | - | - | 186,000 |
| Stock-based compensation | - | 459,228 | - | - | 459,228 |
| Net loss for the year | - | - | - | (967,372) | (967,372) |
| Balance, March 31, 2017 | \$ 4,451,420 | \$ 645,228 | \$ 115,151 | \$ (1,228,414) | \$ 3,983,385 |

The accompanying notes are an integral part of these financial statements.

Northern Lights Marijuana Company Limited

Statements of Cash Flows

(Expressed in Canadian Dollars)

| | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|--|---|---|
| Cash flow from operating activities | | |
| Net loss | \$ (967,372) | \$ (240,954) |
| Add (deduct) items not involving cash | | |
| Accretion and accrued interest | 8,987 | 38,996 |
| Loss on change in fair value of derivative liability | 492 | 139,789 |
| Stock-based compensation | 459,228 | - |
| Shares issued for services | 62,797 | - |
| Change in non-cash working capital | | |
| Accounts receivable | 9,607 | (13,356) |
| Other receivables | (85,723) | - |
| Prepaid expenses | 1,330 | (1,330) |
| Accounts payable and accrued liabilities | 190,330 | 2,256 |
| | (320,324) | (74,599) |
| Cash flow from financing activities | | |
| Private placement of shares, net of issuance costs | 4,058,774 | - |
| Advances/repayment to related parties | (16,303) | 4,481 |
| Receipt of promissory notes payable | - | 97,500 |
| Proceeds from mortgages payable, net of repayments | 595,501 | - |
| | 4,637,972 | 101,981 |
| Cash flow from investing activities | | |
| Investment in property and equipment | (2,448,212) | - |
| Purchase of short-term investment | (1,300) | - |
| | (2,449,512) | - |
| Increase in cash | 1,868,136 | 27,382 |
| Cash, beginning of period | 28,228 | 846 |
| Cash, end of period | \$ 1,896,364 | \$ 28,228 |

The accompanying notes are an integral part of these financial statements.

Northern Lights Marijuana Company Limited

Notes to the Financial Statements

For the years ended March 31, 2017 and 2016

1. Nature of operations

Northern Lights Marijuana Company Limited (“NLMC” or the “Company”) was incorporated under the BC Business Corporations Act. The Company’s principal business activity is the cultivation and sale of medical cannabis. The Company is in the development stage and has not yet earned any revenues from sales of cannabis.

On February 10, 2017, the Company signed a definitive amalgamation agreement with SG Spirit Gold Inc. (TSXV:SG), pursuant to which the Company will amalgamate with a wholly-owned subsidiary of SG, following which the resulting amalgamated entity will continue as a wholly-owned subsidiary of SG (note 13).

2. Basis of presentation

(a) Statement of compliance

The Company’s financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These financial statements were approved by the Company’s board of directors on July 10, 2017.

(b) Basis of presentation

These financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value, as detailed in the Company’s accounting policies.

(c) Functional and presentation currency

The Company’s functional currency, as determined by management, is the Canadian dollar. These financial statements are presented in Canadian dollars.

(d) Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Management has applied significant estimates and assumptions related to the following:

Derivative liability

Promissory notes are convertible on terms that include a preferential participation right that may result in a variable number of shares being issued and are considered a derivative liability measured at fair value.

The Company estimates the fair value at each reporting date using key assumptions including the probability of completing an equity raise by the Company and the expected quantum of participation rights exercised.

Notes to the Financial Statements

For the years ended March 31, 2017 and 2016

3. Significant accounting policies

A summary of the significant accounting policies, which have been applied consistently to all periods presented in the accompanying financial statements, are set out below:

Rental income

Rental income from operating leases (net of any incentives given to the lessee) is recognized on a straight-line basis over the term of the lease.

Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such costs include the cost of replacing parts of the property, plant and equipment. Likewise, when a major inspection is performed, its cost is recognized in the carrying value of the equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the statement of loss and comprehensive loss as incurred.

No amortization is taken on assets under construction until the relevant asset has been put into use. An item of equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the statements of loss and comprehensive loss in the period the asset is derecognized.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively if appropriate.

Impairment of non-financial assets

Intangible assets with a finite useful life are tested for impairment when events or changes in circumstances indicate the carrying amount may not be recoverable. Events relating to recoverability may include significant unfavorable changes in business conditions, recurring losses, or a forecasted inability to achieve break-even operating results over an extended period. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The Company evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expires.

A derivative is a financial instrument whose value changes in response to a specified variable, require little or no net investment and is settled at a future date.

At initial recognition, the Company classifies its financial instruments in to the following categories:

- (i) Financial assets and liabilities at fair value through profit or loss: a financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term. Derivatives are also included in this category unless they are designated as hedges. Financial instruments in this category are recognized initially and subsequently at fair value. Gains and losses arising from changes in fair value are

Northern Lights Marijuana Company Limited

Notes to the Financial Statements

For the years ended March 31, 2017 and 2016

presented in the statements of loss and comprehensive loss within other expense (income) in the period in which they arise.

- (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. Loans and receivables are initially recognized at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.
- (iii) Available for sale financial assets: Available for sale assets are non-derivative financial assets that are designated as available for sale and are not categorized into any of the other categories described above. They are initially recognized at fair value including direct and incremental transaction costs. They are subsequently recognized at fair value. Gains and losses arising from changes in fair value are included as a separate component of equity until sale, when the cumulative gain or loss is transferred to the statements of loss and comprehensive loss. Interest is determined using the effective interest method, and impairment losses and translation differences on monetary items are recognized in the statements of loss and comprehensive loss. The Company does not have any available for sale assets.
- (iv) Financial liabilities at amortized cost: Financial liabilities at amortized cost are composed of accounts payable. Trade payables and accrued liabilities are initially recognized at the amount required to be paid, less, when material, a discount to reduce payables to fair value. Subsequently, accounts payable are measured at amortized cost using the effective interest method. These are classified as current liabilities if payment is due within 12 months. Otherwise, they are presented as non-current liabilities.

Impairment of financial assets carried at amortized cost

At each statement of financial position date, the Company assesses whether there is objective evidence a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognized in the statements of loss and comprehensive loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. For practical reasons, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

Loss per common share, basic and diluted

Basic loss per share is calculated by dividing the net loss for the period attributable to equity owners of the Company by the weighted average number of common shares outstanding during the period. Contingently issuable shares (including shares held in escrow) are not considered outstanding common shares and consequently are not included in the loss per share calculations.

Diluted loss per share is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. The number of shares included with respect to options, warrants and similar instruments is computed using the treasury stock method. The Company's potentially dilutive common shares comprise stock options and warrants. Stock options and warrants have been excluded from the calculation of diluted loss per share because their effect is anti-dilutive.

Northern Lights Marijuana Company Limited

Notes to the Financial Statements

For the years ended March 31, 2017 and 2016

Income taxes

Income tax comprises current and deferred tax. Income tax is recognized in the statements of loss and comprehensive loss except to the extent that it relates to items recognized directly in shareholders' equity, in which case the income tax is also recognized directly in shareholders' equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted at the end of the reporting period, and any adjustments to tax payable in respect of previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using the tax rates and laws that have been enacted or substantively enacted at the statements of financial position dates and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable the assets can be recovered.

Deferred income tax assets and liabilities are presented as non-current.

Provisions

A provision is recognized when the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

New standards, amendments and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations have been released and have not been applied in preparing these financial statements, as set out below:

- IFRS 9, Financial Instruments, 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 through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. 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 other comprehensive income, for liabilities designated at fair value through profit or loss. The standard is effective for accounting periods beginning on or after January 1, 2018. Early adoption is permitted.
- IFRS 15, Revenue from Contracts with Customers, deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of goods or services and thus has the ability to direct the use and obtain the benefits from the goods or services. The standard replaces IAS 18, Revenue, and IAS 11, Construction Contracts, and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2018 and earlier application is permitted.
- In January 2016, the IASB issued IFRS 16, Leases, which will replace IAS 17, Leases. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Under IAS 17, lessees were required to make a distinction

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For the years ended March 31, 2017 and 2016

between a finance lease and an operating lease. IFRS 16 now requires lessees to recognize a lease liability reflecting future lease payments and a right-of-use asset for virtually all lease contracts. There is an optional exemption for certain short-term leases and leases of low value assets; however, this exemption can only be applied by lessees. The standard is effective for annual periods beginning on or after January 1, 2019, with earlier application if IFRS 15 is also applied.

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

4. Property and equipment

| | furniture & equipment | Building and improvements | Total |
|---------------------------------|--------------------------|------------------------------|---------------------|
| Cost | | | |
| At March 31, 2016 | \$ - | \$ - | \$ - |
| Additions | 46,385 | 2,401,827 | 2,448,212 |
| At March 31, 2017 | \$ 46,385 | \$ 2,401,827 | \$ 2,448,212 |
| Accumulated depreciation | | | |
| At March 31, 2016 | \$ - | \$ - | \$ - |
| Expense for the period | - | - | - |
| At March 31, 2017 | \$ - | \$ - | \$ - |
| Net book value | | | |
| At March 31, 2016 | \$ - | \$ - | \$ - |
| At March 31, 2017 | \$ 46,385 | \$ 2,401,827 | \$ 2,448,212 |

As at March 31, 2017, the property and equipment were not in use, and therefore no depreciation has been taken. Included in building and improvements as at March 31, 2017 are \$8,853 of capitalized interest.

5. Shareholders' equity

Authorized share capital

Class A Common Shares – voting – unlimited
Class B Common Shares – voting – unlimited
Class C Common Shares – voting – unlimited
Class D Common Shares – non-voting – unlimited
Class E Common Shares – non-voting – unlimited
Class F Common Shares – non-voting – unlimited
Class G Preferred Shares – non-voting – unlimited
Class H Preferred Shares – non-voting – unlimited
Class I Preferred Shares – non-voting – unlimited
Class J Preferred Shares – non-voting – unlimited
Class K Preferred Shares – non-voting – unlimited

Northern Lights Marijuana Company Limited

Notes to the Financial Statements

For the years ended March 31, 2017 and 2016

Outstanding share capital

| | Number of shares | Amount |
|--|----------------------|------------------|
| Balance, March 31, 2016 | 120 \$ | 12 |
| Cancellation of shares | (120) | (12) |
| Class A common shares issued for cash, net of issuance costs | 24,992,010 | 3,943,623 |
| Class A common shares issued for services | 198,213 | 62,797 |
| Subscriptions receivable | 772,223 | 347,500 |
| Conversion of promissory notes | 464,286 | 97,500 |
| Balance at March 31, 2017 | 26,426,732 \$ | 4,451,420 |

During the year ended March 31, 2017, the Company issued 12,933,333 Class A common shares at \$0.0001 per share, for gross proceeds of \$1,293. In conjunction with the share issuance, the original 120 Class A common shares outstanding were returned to treasury and subsequently cancelled. Of these Class A common shares issued, 2,933,333 were redeemed and cancelled at a price of \$0.0001 per share in October 2016.

In November 2016, the Company issued 6,616,681 Class A common shares for gross proceeds of \$1,701,504. As part of the issuance, \$97,500 of the convertible promissory notes payable elected to be converted into shares and \$186,000 was transferred to share capital as the fair value of the derivative liability, less \$17,000 of share issuance costs.

In February 2017, the Company issued 5,943,105 units at \$0.18 per unit, each consisting of one Class A common share and one warrant exercisable at \$0.45 per share for gross proceeds of \$1,069,759. The warrants expire 24 months from the date of issuance and had a fair value of \$115,151.

In March 2017, the Company received gross proceeds \$1,303,429 in cash and \$347,500 in subscriptions receivable from the issuance of 3,668,733 Class A common shares.

During the year ended March 31, 2017, the Company issued 198,213 Class A common shares to settle debts arising from services rendered that were valued at \$62,797, of which \$22,797 were from a related party.

Warrants

Each warrant entitles the holder to purchase a Class A common share at a set price and is exercisable at the option of the holder for a set period of time.

During the period, the Company issued 5,943,105 warrants as part of a private placement offering. The warrants are exercisable at \$0.45 for Class A common shares, with an expiry of 2 years from the date of issuance. The fair value of these warrants was \$115,151. As at March 31, 2017, these warrants had a remaining life of 1.88 years.

The fair value of the warrants on the date granted was estimated using the Black-Scholes valuation model. The following assumptions were used:

| | 2017 | 2016 |
|-------------------------|--------|------|
| Volatility | 70% | n/a |
| Risk-free interest rate | 0.73% | n/a |
| Expected life (years) | 2.00 | n/a |
| Dividend yield | Nil | n/a |
| Forfeiture rate | 0% | n/a |
| Share price | \$0.16 | n/a |

Northern Lights Marijuana Company Limited

Notes to the Financial Statements

For the years ended March 31, 2017 and 2016

Performance Warrants

During the year ended March 31, 2017, the Company issued performance warrants to management and certain employees. These performance warrants are exercisable at prices ranging from \$0.0001 to \$0.30 for Class A common shares, with an expiry of 3 years from the date of issuance. Vesting conditions are based on the Company achieving certain milestones, such as obtaining certain licenses from Health Canada and cumulative sales volume. The Company recognized \$459,228 (2016 - \$nil) in stock-based compensation with respect to performance warrants during 2017.

The fair value of each group of performance warrants on the date granted was estimated using the Black-Scholes valuation model. The following assumptions were used:

| | 2017 | 2016 |
|-------------------------|----------------|------|
| Volatility | 70% | n/a |
| Risk-free interest rate | 0.56% to 0.76% | n/a |
| Expected life (years) | 2.0 | n/a |
| Dividend yield | Nil | n/a |
| Forfeiture rate | 0% to 100% | n/a |
| Share price | \$0.30 | n/a |

The following table presents information related to performance warrants at March 31, 2017:

| Weighted average exercise price | Number of Options | Weighted average remaining life (years) | Vested |
|---------------------------------|-------------------|---|--------|
| \$0.0001 | 3,081,333 | 2.50 | - |
| \$0.18 | 1,000,000 | 2.76 | - |
| \$0.30 | 150,000 | 2.67 | - |
| Balance at March 31, 2017 | 4,231,333 | 2.57 | - |

6. Derivative liability

The convertible promissory notes payable issued by the Company contain a conversion feature as well as preferential participation rights. The convertible promissory note holder may elect to convert the principal and any interest accrued into equity in accordance with the preferential participation right. As part of the preferential participation right, each convertible promissory note holder has a right to purchase up to \$100,000 of a future equity raise within two years from the date of issuance. The participation would be at a 30% discount to the issue price of any other equity issued as part of the equity raise.

These preferential participation rights may result in variability in the number of shares issued under the convertible promissory notes. In accordance with IFRS, a contract to issue a variable number of shares fails to meet the definition of equity and must instead be classified as a derivative liability and measured at fair value with changes in fair value recognized in the statements of loss and comprehensive loss at each period-end. The derivative liability will ultimately be converted into common shares when the rights are exercised or will be extinguished on the expiration of those rights and will not result in the outlay of any additional cash by the Company.

Upon initial recognition, the Company recorded a derivative liability in the amount of \$45,719. The Company recorded a loss of \$492 on revaluation of the derivative liability for the year ended March 31, 2017 (2016 – loss of \$139,789).

In November 2016, the Company issued to the noteholders 2,066,667 Class A common shares in exchange for \$336,500 of cash (note 5), conversion of the convertible promissory notes, and exercise of their preferential participation rights. The fair value of the preferential participation rights was \$186,000 at the date of the conversion, and was recognized in contributed surplus.

Northern Lights Marijuana Company Limited

Notes to the Financial Statements

For the years ended March 31, 2017 and 2016

7. Related party transactions

- (a) The Company was indebted to officers of the Company in the amount of \$nil at March 31, 2017 (March 31, 2016 - \$16,303).
- (b) During the year ended March 31, 2017, the Company issued 75,990 Class A common shares to settle \$22,797 owed to an officer of the Company.
- (c) During the year ended March 31, 2016, officers of the Company advanced \$4,481 to the Company interest-free with no fixed terms of repayment.
- (d) Certain related parties subscribed for convertible promissory notes payable as described in note 8.
- (e) Key management includes directors and officers of the Company. Total compensation paid to key management for the year was \$483,231 (2016 - \$nil), of which \$442,955 (2016 - \$nil) was stock-based compensation.

8. Convertible promissory notes payable

On June 15, 2015, the Company issued convertible promissory notes payable in the amount of \$97,500, bearing no interest and maturing on May 20, 2016. At the option of the lender, the promissory note and any interest accrued can be converted into equity of the Company simultaneously with any equity raise, in accordance with a preferential participation right. If the promissory notes are not repaid or converted by the maturity date, the notes bear interest at 15% per annum.

The convertible promissory note holder may elect to convert the principal and any interest accrued into equity in accordance with the preferential participation right. As part of the preferential participation right, each convertible promissory note holder has a right to purchase up to \$100,000 of a future equity raise within the two years from the date of issuance. The participation would be at a 30% discount to the issue price of any other equity issued as part of the equity raise.

This conversion and participation right is considered to be a derivative liability (note 6). On initial recognition, the promissory note component was valued at \$51,781 and the derivative liability was valued at \$45,719.

| | | Amount |
|--|-----------|----------|
| Balance, March 31, 2015 | \$ | - |
| Issuance of convertible promissory notes | | 97,500 |
| Less: allocated to derivative liability | | (45,719) |
| Accretion | | 38,996 |
| Balance, March 31, 2016 | \$ | 90,777 |
| Accretion | | 6,723 |
| Less: promissory notes converted | | (97,500) |
| Balance, March 31, 2017 | \$ | - |

During the year, \$97,500 of convertible promissory notes payable were elected to be converted into shares as part of an equity financing (note 5). As part of the conversion, the noteholders waived any accrued interest owing on the convertible promissory notes and only converted the principal amounts.

The Company recognized \$6,723 (2016 - \$38,996) of accretion related to the convertible promissory notes during the year ended March 31, 2017

9. Mortgage payable

The mortgage bears interest at 4.5% per annum, is payable in monthly instalments of \$3,338, and is due November 1, 2020. The mortgage payable is secured by a first charge over certain specified properties. Interest expense on mortgages payable was \$11,129 for the year ended March 31, 2017 (2016 - \$146,103).

Notes to the Financial Statements

For the years ended March 31, 2017 and 2016

10. Capital management

The Company's objective in managing capital is to ensure a sufficient liquidity position to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Company defines capital as net equity and debt, comprised of issued share capital and accumulated deficit, as well as convertible promissory notes payable and due to related parties.

The Company's objective with respect to its capital management is to ensure it has sufficient cash resources to maintain its ongoing operations and finance its research and development activities, corporate and administration expenses, working capital and overall capital expenditures. Since inception, the Company has primarily financed its liquidity needs through issuance of shares and convertible promissory notes payable.

There have been no changes to the Company's objectives and what it manages as capital since the prior fiscal year. The Company is not subject to externally imposed capital requirements.

11. Financial instruments and risk management

Financial instruments

The Company has classified its cash and derivative liability as fair value through profit and loss ("FVTPL"), accounts receivable and other receivables as loans and receivables, and accounts payable and accrued liabilities, due to related parties, convertible promissory notes payable and mortgage payable as other financial liabilities.

The carrying values of cash, accounts receivable, other receivables, due to related parties, accounts payable and accrued liabilities and convertible promissory notes payable approximate their fair values due to their short periods to maturity.

Fair value hierarchy

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The hierarchy is summarized as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets and liabilities
- Level 2 – inputs that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices) from observable market data
- Level 3 – inputs for assets and liabilities not based upon observable market data

Financial risk factors

The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

(a) Credit risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash. The Company's cash is held at a major Canadian bank. The Company regularly monitors the credit risk exposure and takes steps to mitigate the likelihood of these exposures resulting in actual loss.

(b) Liquidity risk

The Company is exposed to liquidity risk or the risk of not meeting its financial obligations as they come due. The Company constantly monitors and manages its cash flows to assess the liquidity necessary to fund operations (see note 1). All of the Company's financial liabilities are due within one year except for the derivative liability.

Northern Lights Marijuana Company Limited

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For the years ended March 31, 2017 and 2016

(c) Interest rate risk

The Company is subject to interest rate risk from its convertible promissory notes payable and mortgage payable, which are all currently fixed rate instruments.

12. Income taxes

The reconciliation of the combined Canadian federal and provincial corporate income taxes at statutory effective income tax rates is as follows:

| | 2017 | 2016 |
|---|--------------|--------------|
| Net Income (Loss) before recovery of income taxes | \$ (967,372) | \$ (240,954) |
| Expected income tax recovery | (251,517) | (63,853) |
| Non-deductible expenses | 125,483 | 64 |
| Tax rate changes and other adjustments | 1,303 | - |
| Amounts booked directly into equity | 43,940 | - |
| Change in unrecognized deferred tax assets | 80,791 | 63,789 |
| Net deferred tax liabilities | \$ - | \$ - |

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

| | 2017 | 2016 |
|------------------------------------|---------|---------|
| Non-capital losses carried forward | 571,908 | 81,831 |
| Derivative liability | - | 178,785 |
| Share issuance costs | 13,600 | - |
| | 585,508 | 260,616 |

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable income will be available to utilize the benefits therefrom.

The Company had Canadian non-capital loss carry forwards which may be available to offset future years' taxable income. The losses expire as follows:

| | |
|------|----------------|
| 2035 | 19,903 |
| 2036 | 61,928 |
| 2037 | 490,077 |
| | <u>571,908</u> |

13. Proposed transaction

On February 10, 2017, the Company signed a definitive amalgamation agreement with SG Spirit Gold Inc. ("SG"). Pursuant to the terms of the Definitive Agreement, SG will acquire all of the issued and outstanding securities of the Company (the "Transaction").

On April 28, 2017, the Agreement was amended as agreed upon by both parties. In accordance with the terms of the amended Definitive Agreement, the Company will amalgamate with a wholly-owned subsidiary of SG, following

Notes to the Financial Statements

For the years ended March 31, 2017 and 2016

which the resulting amalgamated entity will continue as a wholly-owned subsidiary of SG. Following a consolidation of the outstanding common shares of SG on a 1-for-3 basis, as consideration for completion of the Transaction, the current holders of the Company's Class A common shares will be issued 1.8 post-consolidated common shares of SG, in exchange for every share of the Company they hold. Existing dilutive securities of the Company will be exchanged for dilutive securities of SG, on substantially the same terms, and applying the same exchange ratio.

Prior to closing of the Transaction it is anticipated that SG will apply to list its common shares for trading on the Canadian Securities Exchange (the "CSE") and voluntarily delist its shares from the TSX Venture Exchange. On closing of the Transaction it is anticipated that the Company will change its name to "DOJA Cannabis Company Limited".

Closing of the Transaction remains subject to a number of conditions, including the completion of satisfactory due diligence, receipt of any required shareholder, regulatory and third-party consents, the Canadian Securities Exchange having conditionally accepted the listing of SG's common shares, the TSX Venture Exchange having consented to the voluntarily delisting of SG's common shares, and the satisfaction of other customary closing conditions.

14. Subsequent event

Subsequent to the year, the Company issued 3,396,847 Class A common shares at a price of \$0.90 per share, for total gross proceeds of \$3,057,162, and incurred issuance costs of \$63,260.