
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

Form 6-K

**REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934**

For the month of January, 2019.

Commission File Number: 000-55992

**Tidal Royalty Corp. (formerly Tulloch Resources Ltd.; Elkhorn Gold
Mining Corporation; Treminco Resources Ltd.)**

(Exact Name of Registrant as Specified in Charter)

789 West Pender Street, Suite 810

Vancouver BC

Canada V6C 1H2

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F ☒ Form 40-F ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ☐

Note : Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ☐

Note : Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's "home country"), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

DOCUMENTS FILED AS PART OF THIS FORM 6-K

Tidal Royalty Corp. (the “**Company**”) filed to the applicable Canadian securities regulators (i) Management’s Discussion and Analysis, for the period ended October 31, 2018 and 2017, (ii) condensed interim consolidated financial statements, for the period ended October 31, 2018 and 2017, (iii) a Form 52-109FV2 certification of interim filings — venture issuer basic certificate (signed by the Company’s chief executive officer), (iv) a Form 52-109FV2 certification of interim filings — venture issuer basic certificate (signed by the Company’s chief financial officer), (v) a press release, dated January 7, 2019, (vi) a press release, dated January 9, 2019, (vii) a Form 5 Quarterly Listing Statement, dated December 18, 2018, for the quarter ended October 31, 2018, and (viii) a Monthly Progress Report, dated January 7, 2019, for the month of December 2018.

The disclosure documents can be viewed on the Canadian reporting issuer disclosure website www.sedar.com and the Canadian Securities Exchange website www.thecse.com.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TIDAL ROYALTY CORP.
(Registrant)

Date: January 10, 2019

By: /s/ Paul Rosen
Name: Paul Rosen
Title: Chief Executive Officer

EXHIBIT INDEX

99.1	Management's Discussion and Analysis, for the period ended October 31, 2018 and 2017
99.2	Condensed interim consolidated financial statements, for the period ended October 31, 2018 and 2017
99.3	Form 52-109FV2 certification of interim filings — venture issuer basic certificate (signed by the Company's chief executive officer)
99.4	Form 52-109FV2 certification of interim filings — venture issuer basic certificate (signed by the Company's chief financial officer)
99.5	Press release, dated January 7, 2019
99.6	Press release, dated January 9, 2019
99.7	Form 5 Quarterly Listing Statement, dated December 18, 2018, for the quarter ended October 31, 2018
99.8	Monthly Progress Report, dated January 7, 2019, for the month of December 2018



Management's Discussion and Analysis

For the period ended October 31, 2018 and 2017

**TIDAL ROYALTY CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE PERIOD ENDED OCTOBER 31, 2018 AND 2017**

This management's discussion and analysis ("MD&A") provides an analysis of our financial situation which will enable the reader to evaluate important variations in our financial situation for the period ended October 31, 2018, compared to the period ended October 31, 2017. This report prepared as at December 18, 2018 intends to complement and supplement our condensed interim consolidated financial statements for the period ended October 31, 2018 (the "Financial Statements") and should be read in conjunction with the Financial Statements and the accompanying notes.

Our Financial Statements and the management's discussion and analysis are intended to provide a reasonable basis for the investor to evaluate our financial situation.

Our Financial Statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All dollar amounts contained in this MD&A are expressed in Canadian dollars, unless otherwise specified.

Where we say "we", "us", "our", the "Company" or "Tidal Royalty", we mean Tidal Royalty Corp.

Additional information on the Company is available on SEDAR at www.sedar.com or the Company's website <https://www.tidalroyalty.com/>.

Business Description

Tidal Royalty Corp. was incorporated under the laws of British Columbia as Tremingo Resources Ltd. on March 12, 1980. The name was changed to Elkhorn Gold Mining Corporation on February 8, 1999 and to Tulloch Resources Ltd. on October 12, 2011 and to Tidal Royalty Corp. on July 18, 2017. The Company is a life sciences company with a focus on financing businesses that pertain in any way to cannabis which is carried out in compliance with applicable U.S. state laws ("legal cannabis industry"). The Company is a reporting issuer in the provinces of British Columbia and Ontario and on June 25, 2018, the Company's shares commenced trading on the CSE under the trading symbol "RLTY". The Company commenced trading its shares in USD on June 29, 2018 under the symbol "RLTY.U".

The head office and records office of the Company are located at Suite 810, 789 West Pender Street, Vancouver, British Columbia, V6C 1H2. The principal place of business of the Company is 161 Bay St., Suite 4010, Toronto ON, M5J 2S1.

The Company's business objective is to provide capital solutions to companies in the U.S. legal cannabis industry with large-scale potential and a highly-skilled and experienced management team across multiple industry verticals, including cultivation, processing, and distribution. Such financing arrangements may involve royalties, debt, equity and other forms of financing in both private and public companies. An investment in Tidal Royalty will allow shareholders to participate in the broader US cannabis market's growth while diversifying against specific operational risks.

While Tidal Royalty may customize its royalty financing product to meet the particular needs of exceptional operators, it anticipates that most royalty transactions will encompass one of the three following deal types:

Facility Expansion: capital used to build out existing operational assets. This would include opening additional flowering rooms to increase canopy, establishing a manufacturing and processing vertical, and opening additional dispensaries.

Multi-State Expansion: capital used to expand into new states and set up operations. Operators must demonstrate proven operational experience, the ability to obtain necessary licenses, and a business model that leverages their existing assets and operations.

Market Rollup: allows seasoned operators to expand their footprint by purchasing strategic or undervalued assets. The royalty attaches to existing operations and provides near-term cash flow.

TIDAL ROYALTY CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE PERIOD ENDED OCTOBER 31, 2018 AND 2017

Highlights and Overall Performance

Tidal Royalty is currently in the process of evaluating multiple additional opportunities across the U.S., including in California, New York, Illinois, Ohio, Pennsylvania, Texas and Michigan and will provide further information on those opportunities once agreements with the respective parties crystallize.

During the period ended October 31, 2018, the Company has successfully executed a number of key steps to develop and execute its business plan:

1. On August 31, 2018, the Company entered into a definitive agreement with VLF Holdings LLC, an Oregon limited liability company d/b/a Diem Cannabis ("Diem") to finance the expansion of TDMA LLC, a Massachusetts subsidiary of Diem ("TDMA") into Massachusetts. Pursuant to the agreement, the company will provide Diem with up to US\$12.5 million (the "Financing") over three years to develop and operate a large-scale cultivation and processing facility (the "Site") and up to four dispensaries (the "Dispensaries").

The Financing will be in the form of (i) promissory notes advanced at various stages of development of operations in the state; and (ii) the purchase price for real property acquisitions with respect to Sites and Dispensaries. Newly-formed subsidiaries of RLTY Development MA 1 LLC will acquire title to the real property purchased in respect of the Site and Dispensary acquisitions and will enter into leases ("Leases") with TDMA (or its nominee) with respect to their operation. The Leases will be "triple net" and will include payments of (i) annual base rent; (ii) percentage rent of net sales; and (iii) additional rent relating to the costs of property insurance, real estate taxes and any maintenance and repair where Diem proposes to enter into a third-party lease in respect of a Dispensary (an "Operating Lease"), as opposed to the purchase of real property. Diem will enter into the Operating Lease directly with the third-party lessor and will grant the Company a collateral assignment in such Operating Lease.

The Financing will be secured by (i) guarantees of the payment and performance of all obligations of TDMA by Diem and certain of its subsidiaries (the "Entity Guarantors") and key individuals (the "Individual Guarantors"); (ii) liens over all of the assets of the Entity Guarantors; (iii) pledges by the Entity Guarantors and Individual Guarantors of all equity interests in Diem and/or its subsidiaries; and (iv) in the case of operating lease, collateral assignments in such operating leases.

During the period ended October 31, 2018, and pursuant to the Financing, the Company entered into a promissory note ("Promissory Note") agreement with TDMA for \$434,933 (USD \$334,190) (July 31, 2018 - \$Nil) as a working capital advance for identification and negotiation of the purchase agreements for the Site and Dispensaries. The Promissory Note bears interest of 10% per annum and is due on February 28, 2021, unless earlier satisfied as described below.

Once the Site and Dispensaries are operational and the Leases have been entered into, the Promissory Note and all subsequently issued promissory notes (including interest accrued thereon) will be deemed satisfied in full. If the Site and Dispensaries are not operating within 2.5 years following the Closing, the Company will have the right to seek certain repayments, including repayments of the Promissory Note and all subsequently issued Promissory Notes.

Highlights and Overall Performance (continued)

2. On November 15, 2018, the Company announced we had purchased \$3 million of units (the "Units") of FLRish Inc., the parent company of Harborside ("Harborside") and entered into a non-binding memorandum of understanding ("MOU") with Harborside to provide royalty financing to prospective "Harborside" brand dispensary operators. Each Unit is comprised of (A) one 12% unsecured convertible debenture, convertible into common shares of Harborside (i) at the option of the holder at any time prior to the last business day immediately preceding the third anniversary date of the closing; and (ii) automatically upon a Harborside going-public transaction, at a conversion price equal to the lower of (i) \$6.90; and (ii) a 10% discount to the price of the common shares of Harborside as part of a qualifying transaction; and (B) 87 common share purchase warrants exercisable for a period of two years following the closing into common shares of Harborside at an exercise price of \$8.60 (subject to acceleration in the event of a going public transaction). Pursuant to the terms of the MOU, the Company has agreed to provide up to US\$10 million in royalty financing to prospective dispensary operators licensing the "Harborside" brand. Each potential dispensary financing transaction will be assessed by the Company on a case-by-case basis and will be subject to the satisfactory completion of due diligence by the Company and the consummation of definitive documentation with the prospective dispensary operator.

Harborside, a vertically-integrated California licensed operator, was founded in 2006 by cannabis industry activist and entrepreneur Steve DeAngelo. Harborside operates two dispensaries and one of California's largest cultivation facilities and owns the Harborside brand. Its flagship location in Oakland, California is the largest medical cannabis dispensary in the U.S. It was the first medical cannabis dispensary in the U.S. to introduce lab testing, the first to offer CBD-rich medicine, and the first to treat children with Dravet syndrome. Harborside was also reported to be the first dispensary to legally sell non-medicinal cannabis in California following the state's legalization of adult use sales on January 1, 2018.

Harborside announced in August 2018 that it had signed a binding letter of intent with Lineage Grow Company (CSE: BUDD) to effect a reverse take-over ("RTO") transaction and to file an application to trade on the Canadian Securities Exchange. Following completion of the RTO, the debentures and share purchase warrants are convertible into common shares of the resulting issuer pursuant to their terms.

3. On November 5, 2018, the Company entered into a binding letter of intent with Lighthouse Strategies LLC ("Lighthouse") to subscribe for US \$5,000,000 of Lighthouse's Series A membership units concurrently with a financing arrangement for certain Lighthouse beverage lines. The closing of the subscription and financing arrangement is subject to, among other things, the satisfactory completion of due diligence, the receipt of all corporate and regulatory approvals and the closing of a financing transaction by Lighthouse.

Lighthouse is a finance, research & technology, and portfolio management company. It operates 11 companies and 150,000 ft² serving both traditional and regulated markets, including vertically integrated cannabis assets licensed in California and Nevada. Lighthouse is renowned for developing the world's first non-alcoholic cannabis-infused craft beer and liquor brand. Cannabiniers, a Lighthouse company, debuted Two Roots Brewing Co. in Las Vegas, Nevada earlier this year.

4. After the close of trading on September 10, 2018, OTC Markets ceased trading Tidal Royalty's common shares under the symbol "TDRYF" as a result of an October 12, 2010 order issued by the Securities Exchange Commission ("SEC") revoking the registration of the common shares of a predecessor company to Tidal Royalty, Elkhorn Gold Mining Corp., for filing deficiencies pursuant to Section 12(j) of the Securities Exchange Act of 1934. As a result, broker-dealers in the United States are currently unable to effect transactions in the United States markets under the trading symbol TDRYF.

**TIDAL ROYALTY CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE PERIOD ENDED OCTOBER 31, 2018 AND 2017**

Highlights and Overall Performance (continued)

On October 17, 2018, November 29, 2018 and December 18, 2018, the Company filed a registration statement on Form 20-F, respectively, and an amended registration statement on Form 20-F with the SEC that Tidal Royalty expects will rectify the historical filing deficiencies of the predecessor entity and permit FINRA (the Financial Industry Regulatory Authority that regulates the OTC Markets) to reinstate Tidal Royalty's eligibility for quotation on the OTC Markets. Tidal Royalty is hopeful its common shares will resume trading on the OTC Markets by the end of Q2 in fiscal 2019. However, filing of the Form 20-F does not guarantee that trading of Tidal Royalty's common shares on the OTC Markets will recommence in the near term or at all. The SEC may provide further comments on Tidal Royalty's Form 20-F filings delaying or restricting the recommencement of trading. Tidal Royalty's common shares trade publicly on the CSE under the symbol RLTY.U.

Significant Equity Events

On October 31, 2018, the Company issued the 40,000,000 Series 1 Convertible Preferred shares pursuant to the exercise of the 40,000,000 preferred share purchase warrants. The Company reclassified \$2,000,000 from preferred share issuable to preferred shares issued.

During the period ended October 31, 2018, the Company issued 14,100,000 common shares pursuant to the exercise of 14,100,000 warrants for gross proceeds of \$705,000.

On September 26, 2018, the Company converted 4,000,000 special finder's warrants issued on May 25, 2018 into an equivalent number of units in the capital of the Company. Each unit consists of one common share and one share purchase warrant; each warrant entitling the holder to acquire one additional share at \$0.05 for a period of 24 months.

On August 31, 2018, the Company converted 12,690,000 special warrants and 1,220,000 special finders' warrants issued on April 26, 2018 into an equivalent number of units in the capital of the Company. Each unit consists of one common share and one share purchase warrant; each warrant entitling the holder to acquire one additional share at \$0.05 for a period of 24 months.

On July 26, 2017, the Company consolidated its share capital on a one-for-three basis. All share and per-share information have been restated to retroactively reflect this consolidation for all periods presented.

Use of Proceeds

During the year ended July 31, 2018, the Company completed the Placements for net proceeds of approximately \$39,000,000. The Company intends to use the net proceeds to fund financing agreements, general working capital and to investigate other opportunities. The table below provides a breakdown of the intended use, the amounts used to date and any variances.

Intended use of proceeds of Placements		Incurred as at October 31, 2018 (approximate)	Variances
Fund Financing Agreements (60%)	\$23,400,000	(\$3,434,933)	No variances anticipated
General Working Capital (20%)	\$7,800,000	(\$6,368,724)	No variances anticipated
Investigate other Opportunities (20%)	\$7,800,000	(\$1,933,500)	No variances anticipated ¹
Total	\$39,000,000	(\$5,027,686)	

Notwithstanding the foregoing, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary for the Company to achieve its objectives

TIDAL ROYALTY CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE PERIOD ENDED OCTOBER 31, 2018 AND 2017

Results of Operations

The following is a breakdown of the expenses incurred by the Company for the period ended October 31, 2018 and 2017:

	2018	2017
	\$	\$
For the three-month period ended October 31,		
Expenses		
Advertising and promotion	2,155,074	-
Consulting fees	242,557	28,935
General and administration	127,596	1,562
Foreign exchange loss	75,222	-
Share-based compensation	666,089	-
Salaries and benefits	258,807	-
Rent	44,752	-
Professional fees	182,884	14,110
Transfer agent and filing fees	46,919	11,470
Travel	56,527	-
	(3,856,427)	(56,077)
Other income		
Interest income	2,679	-
Net loss and comprehensive loss for the period	(3,853,748)	(56,077)
Loss per share, basic and diluted for the period	(0.02)	(0.02)
Weighted average number of common shares outstanding	244,851,218	2,843,636

Most categories of expenses showed increases in 2018 compared with 2017, as the Company reorganized management and redirected its business. The increase in expenses relates to an increase in activity associated with the Company's reorganization of management, due diligence work performed for financing deals and related duties. Explanations of the nature of costs incurred, along with explanations for those significant changes in costs are discussed below:

- Advertising and promotion consist of marketing costs to promote the Company. The increase is a result of the Company's officers increasing their presence at several key industries related conferences throughout the period. Furthermore, the Company created brand awareness in the Company's key target markets in North America that may lead to potential partnerships. The Company's advertising effort has led to several key letter of intents and definitive agreements. This is an important step to establishing the Company as a dominant player in the United States.
- Consulting and management fees increased significantly as the Company continues to explore financing opportunities with companies in the U.S. legal cannabis industry. The Company relies heavily on Consultants to help them achieve their goals in all facets of business and these consultants bring a wide range of expertise and connections to the Company. Consultants include Management, Advisors, Technical Support and other support roles.
- General and administration relates to general office expenditures and its increase is a result of the Company's activity level during the period along with other costs associated with operations in the Company's office in Toronto.
- Foreign exchange loss relates to fluctuations in foreign exchange rate.
- During the year ended July 31, 2018, the Company granted 16,468,727 stock options to various consultants, directors and key management with an exercise price of \$0.33 with a 5-year term that vests 12% every three months. The Company used the Black Scholes Pricing Model and recorded share based compensation of \$537,428. During the period ended October 31, 2018, the Company granted 1,100,000 stock options to various key management and consultants and recorded share based compensation of \$128,661.

TIDAL ROYALTY CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE PERIOD ENDED OCTOBER 31, 2018 AND 2017

- Salaries and benefits increased as a result of the Company hiring additional employees to support the growth of business and its corporate finance department. Furthermore, the Company paid its CEO and President salaries for their services.
- The Company signed an office lease in Toronto. The Company offsets a portion of its lease by sub-leasing their office space.
- Professional fees increased due to accounting and legal fees associated with preparing and reviewing the Company's 20-F filing. The Company incurred legal fees in connection with the closing of the Financing agreement with Diem Cannabis, review of various Letters of Intent and other potential partnerships.
- Transfer agent and filing fees increased as a result of filing fees for the Company's various press releases, audited financial statements and miscellaneous transfer agent fees.
- Travel increased as a result of flights to various industry conferences and meetings in furtherance of financing opportunities.

Summary of Quarterly Results

The following table sets forth selected quarterly financial information for the eight most recently completed quarters.

	Oct. 31 2018 \$	Jul 31 2018 \$	Apr. 30 2018 \$	Jan. 31 2018 \$	Oct. 31 2017 \$	Jul. 31 2017 \$	Apr. 30 2017 \$	Jan. 31 2017 \$
Total revenues	-	-	-	-	-	-	-	-
Total assets	31,895,184	34,566,033	5,699,709	2,842,588	24,915	22,334	3,440	4,143
Long term liabilities	-	-	-	-	-	-	-	-
Net loss and comprehensive loss	(3,853,748)	(6,807,138)	(742,747)	(219,127)	(56,077)	(24,854)	(5,390)	(1,267)
Net loss per share – Basic and diluted	(0.02)	(0.06)	(0.26)	(0.08)	(0.02)	(0.00)	(0.00)	(0.00)

The amount and timing of expenses and availability of capital resources vary substantially from quarter to quarter, depending on the level of activities being undertaken for royalty financing opportunities at any time and the availability of funding. Q2 2018 saw a large increase over prior quarters as a result of consulting and management fees for royalty financing opportunities and professional fees incurred in respect to listing costs with the CSE. Q4 2018 saw a large increase as the Company's operations ramped up and pursued several potential royalty agreements, incurring due diligence, accounting, consulting and legal expenses. The Company hired employees and pursued marketing programs and consultants to increase brand awareness and pursue new royalty opportunities. Furthermore, \$3,250,476 of Q4 2018 fees relates to non-cash share-based compensation.

Net loss and comprehensive loss decreased during Q1 2019 from Q4 2018 as the Company's share-based compensation decreased, quarter over quarter, from \$3,250,476 to \$666,089.

Liquidity

At October 31, 2018, the Company had cash of \$27,900,288, compared to July 31, 2018 of \$33,904,759. In order to continue operations, and in particular, to fund ongoing expenditure commitments to pursue its business strategy & goals and service its obligations listed in the financial statements, the Company may need to raise additional capital. The Company expects to finance operating costs by private placement of common shares, preferred shares, exercise of warrants, exercise of options and debt financing. The Company raised further monies from warrant exercises subsequent to year end.

TIDAL ROYALTY CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Capital Resources

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and cash equivalents and equity comprised of issued share capital and deficit.

The Company manages its capital structure and makes adjustments to it in light of economic conditions and financial needs. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company entered into an office lease that expires on September 2, 2020. The Company is committed to the following estimated annual payments:

	\$
2019	193,081
2020	300,348
	<u>493,429</u>

Working Capital

At the period ended October 31, 2018, the Company had working capital of \$31,743,332 (July 31, 2018 – \$34,225,991). In the long term, the Company will be seeking to raise further funds from equity financings and/or debt financing in order to continue operations, in particular to fund ongoing expenditure commitments as they arise.

As at	October 31, 2018	July 31, 2018
	\$	\$
Total assets	31,895,184	34,566,033
Total liabilities	151,852	340,042
Working capital	31,743,332	34,225,991
Shareholders' Equity	31,743,332	34,225,991

Cash Used in Operating Activities

Net cash used in operating activities during the period ended October 31, 2018 was \$3,274,538 (2017 – \$ 50,293) which mainly consisted of cash spent for the initiation of the business, general working capital, brand awareness campaigns, consulting and professional fees for royalty financing opportunities, and due diligence. The Company entered into several multi-month marketing contracts that is included in prepaid expenses of \$156,286 (2018 - \$531,859) and paid off trade and other payables of \$188,190 (2017 – (6,011)). Furthermore, the Company recorded share based compensation of \$666,089 (2017 - \$Nil).

**TIDAL ROYALTY CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE PERIOD ENDED OCTOBER 31, 2018 AND 2017**

Cash Used in Investing Activities

During the period ended October 31, 2018, and pursuant to the Financing, the Company entered into a promissory note ("Promissory Note") agreement with TDMA for \$434,933 (USD \$334,190) (July 31, 2018 - \$Nil) as a working capital advance for identification and negotiation of the purchase agreements for the Site and Dispensaries. The Promissory Note bears interest of 10% per annum and is due on February 28, 2021, unless earlier satisfied as described below.

The Company made a \$3,000,000 equity investment in Harbourside, which was discussed in the Highlights and Overall Performance section.

Cash Generated by Financing Activities

Total net cash generated during the period ended October 31, 2018 was \$705,000 (2017 - \$\$Nil). The Company issued 14,100,000 common shares pursuant to various warrant exercises for gross proceeds of \$705,000.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Transactions with Related Parties

The Directors and Executive Officers of the Company for the period ended October 31, 2018 were as follows:

Paul Rosen	Chief Executive Officer and Director
Terry Taouss	President
Theo van der Linde	Chief Financial Officer and Director
Courtland Livesley-James	Former VP Strategy
Kathryn Witter	Former Secretary
Brian Penny	Director
Brendan Purdy	Director
Stuart Wooldridge	Director

Formal management and/or consulting contracts are currently being reviewed.

Key management personnel are persons responsible for planning, directing and controlling the activities of the Company, and include all directors and officers. Key management compensation for the period ended October 31, 2018 and 2017 are comprised of the following:

	October 31, 2018	October 31, 2017
	\$	\$
Salary paid to Paul Rosen	75,000	-
Salary paid to Terry Taouss	43,750	-
Consulting and management fees paid to a private company controlled by Theo van der Linde	21,000	16,935
Consulting and management fees paid to a private company controlled by Kathryn Witter	2,000	12,000
Consulting and management fees paid to a private company controlled by Courtland Livesley-James	31,250	-
Share based compensation	334,859	-
Total	507,859	28,935

As at October 31, 2018, the Company owed \$7,935 (July 31, 2018 - \$18,685) to related parties.

**TIDAL ROYALTY CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE PERIOD ENDED OCTOBER 31, 2018 AND 2017**

Proposed Transactions

There are no proposed transactions at the date of this report that have not been disclosed.

Outstanding Share Data

At the date of this MD&A, the Company has the following outstanding shares:

Securities*	Number
Common shares	259,797,661
Special warrants	-
Share purchase warrants	123,079,000
Stock options	21,808,727
Preferred shares	80,000,000

Additional Disclosure for Venture Issuers without significant revenue

Additional disclosure concerning the Company's expenses is provided in the Company's statement of loss and note disclosures contained in its condensed interim financial statements for the period ended October 31, 2018. These statements are available on SEDAR - Site accessed through www.sedar.com.

Ability to Access Private and Public Capital and Nature of Securities

The Company has historically relied entirely on access to both public and private capital in order to support its continuing operations, and the Company expects to continue to rely almost exclusively on the capital markets to finance its investments in the US legal cannabis industry. Although such investments carry a higher degree of risk, and despite the treatment of cannabis under U.S. federal laws, Canadian-based issuers involved in making U.S. cannabis-related investments have been successful in raising substantial amounts of private and public financing. However, there is no assurance the Company will be successful, in whole or in part, in raising funds, particularly if the U.S. federal authorities change their position toward enforcing the *Controlled Substances Act* of 1970 ("CSA"). Further, access to funding from U.S. residents may be limited due their unwillingness to be associated with activities which violate US federal laws. The purchase of the Company's securities involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks. The Company's securities should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in the Company's securities should not constitute a major portion of an investor's portfolio.

Dividends

The Company has no earnings or dividend record and is unlikely to pay any dividends in the foreseeable future as it intends to employ available funds for investment into the US legal cannabis industry. Any future determination to pay dividends will be at the discretion of the board of directors and will depend on the Company's financial condition, results of operations, capital requirements and such other factors as the board of directors deem relevant.

**TIDAL ROYALTY CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Additional Disclosure for Venture Issuers without significant revenue (continued)

Management's Responsibility for Financial Statements

The information provided in this report, including the condensed interim financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements. In contrast to the certificate required under National Instrument 52-109 - *Certificate of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109, in particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

- (i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- (ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Company's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement, on a cost-effective basis, DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Approval

The Board of Directors oversees management's responsibility for financial reporting and internal control systems through an Audit Committee. This Committee meets periodically with management and annually with the independent auditors to review the scope and results of the annual audit and to review the financial statements and related financial reporting and internal control matters before the financial statements are approved by the Board of Directors and submitted to the shareholders of the Company. The Board of Directors of the Company has approved the financial statements and the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

Additional Disclosure for Venture Issuers without significant revenue (continued)

Forward-looking information

Statements included in this document that do not relate to present or historical conditions are "forward-looking statements". Forward-looking statements are projections in respect of future events or the Company's future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may", "should", "intend", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", or "continue", or the negative of these terms or other comparable terminology. Forward-looking statements in this MD&A include statements with respect to: the nature and extent of the review and comment by the SEC of Tidal Royalty's registration statement, speed of the interactions between the applicable U.S. regulatory authorities, statements regarding estimated capital requirements and planned use of proceeds. These statements are only predictions and involve known and unknown risks and uncertainties, including the risks in the section entitled "Risk Factors", and other factors which may cause the Company's actual results, levels of activity or performance to be materially different from any future results, levels of activity or performance expressed or implied by these forward-looking statements. Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results, levels of activity or performance. Further, any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable law, the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of such factors on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. Additional information, including interim and annual financial statements, the management information circulars and other disclosure documents, may also be examined and/or obtained by accessing the Canadian System for Electronic Document Analysis and Retrieval ("SEDAR") website at www.sedar.com.

Risks Factors

We have no source of operating revenue and it is likely we will operate at a loss until we are able to realize cash flow from our financings.

We may require additional financing in order to fund our businesses or business expansion. Our ability to arrange such financing in the future will depend in part upon prevailing capital market conditions, as well as our business success. There can be no assurance that we will be successful in our efforts to arrange additional financing on terms satisfactory to us, or at all. If additional financing is raised by the issuance of common shares from treasury, control of the Company may change and shareholders may suffer additional dilution. If adequate funds are not available, or are not available on acceptable terms, we may not be able to operate our businesses at their maximum potential, to expand, to take advantage of other opportunities, or otherwise remain in business.

We may issue a substantial number of our common shares without investor approval to raise additional financing and we may consolidate the current outstanding common shares.

Any such issuance or consolidation of our securities in the future could reduce an investor's ownership percentage and voting rights in us and further dilute the value of the investor's investment.

Risks Factors (Continued)

The market price of our common shares may experience significant volatility.

Factors such as announcements of quarterly variations in operating results, revenues, costs, changes in financial estimates or other material comments by securities analysts relating to us, our competitors or the industry in general, announcements by other companies in the industry relating to their operations, strategic initiatives, financial condition or performance or relating to the industry in general, announcements of acquisitions or consolidations involving our portfolio companies, competitors or among the industry in general, as well as market conditions in the cannabis industry, such as regulatory developments, may have a significant impact on the market price of our common shares. Global stock markets and the Canadian Securities Exchange ("CSE") in particular have, from time to time, experienced extreme price and volume fluctuations, which have often been unrelated to the operations of particular companies. Share prices for many companies in our sector have experienced wide fluctuations that have been often unrelated to the operations of the companies themselves. In addition, there can be no assurance that an active trading or liquid market will be sustained for our common shares.

We do not anticipate that any dividends will be paid on our common shares in the foreseeable future.

We anticipate that we will reinvest any future earnings in the development and growth of our business. Therefore, investors will not receive any funds unless they sell their common shares, and shareholders may not be able to sell their shares on favourable terms or at all.

The Company has a limited operating history with respect to financings in the U.S. cannabis sector, which can make it difficult for investors to evaluate the Company's operations and prospects and may increase the risks associated with investment in the Company.

The Company has a history of negative cash flow and losses that is not expected to change in the short term. Financings may not begin generating cash flow to the Company for several years following any financing.

The Company will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and experience than the Company.

Currently, the U.S. cannabis industry generally is comprised of individuals and small to medium-sized entities. However, the risk remains that large conglomerates and companies who also recognize the potential for financial success through investment in this industry could strategically purchase or assume control of certain aspects of the industry. In doing so, these larger competitors could establish price setting and cost controls which would effectively "price out" many of the individuals and small to medium-sized entities who currently make up the bulk of the participants in the varied businesses operating within and in support of the medical and adult-use marijuana industry. While the trend in connection with most state laws and regulations may deter this type of takeover, this industry remains quite nascent, and therefore faces many unknown future developments, which in itself is a risk.

Because of the early stage of the industry in which the Company will operate, the Company expects to face additional competition from new entrants. The Company may not have sufficient resources to remain competitive, which could materially and adversely affect the business, financial condition and results of operations of the Company.

Company indebtedness could have a number of adverse impacts on the Company, including reducing the availability of cash flows to fund working capital and capital expenses.

Any indebtedness of the Company could have significant consequences on the Company, including: increase the Company's vulnerability to general adverse economic and industry conditions; require the Company to dedicate a substantial portion of its cash flow from operations to making interest and principal payments on its indebtedness, reducing the availability of the Company's cash flow to fund capital expenditures, working capital and other general corporate purposes; limit the Company's flexibility in planning for, or reacting to, changes in the business and the industry in which it operates; place the Company at a competitive disadvantage compared to its competitors that have greater financial resources; and limit the Company's ability to complete fundamental corporate changes or transactions or to declare or pay dividends.

Risks Factors (Continued)

The Company's revenues and expenses may be negatively impacted by fluctuations in currency.

The Company's revenues and expenses are expected to be primarily denominated in U.S. dollars, and therefore may be exposed to significant currency exchange fluctuations. Recent events in the global financial markets have been coupled with increased volatility in the currency markets. Fluctuations in the exchange rate between the U.S. dollar and the Canadian dollar may have a material adverse effect on the Company's business, financial condition and operating results. The Company may, in the future, establish a program to hedge a portion of its foreign currency exposure with the objective of minimizing the impact of adverse foreign currency exchange movements. However, even if the Company develops a hedging program, there can be no assurance that it will effectively mitigate currency risks.

Risks Related to the Cannabis Industry

While certain U.S. states have enacted medical and/or adult-use cannabis legislation, cannabis continues to be illegal under U.S. federal law, which may subject us to regulatory or legal enforcement, litigation, increased costs and reputational harm.

More than half of the U.S. states have enacted legislation to regulate the sale and use of cannabis on either a medical or adult-use level. However, notwithstanding the permissive regulatory environment of cannabis at the state level, cannabis continues to be categorized as a controlled substance under the U.S. Controlled Substances Act of 1970 ("CSA"), and as such, activities within the cannabis industry are illegal under U.S. federal law. It is also illegal to aid or abet such activities or to conspire to attempt to engage in such activities. Financing businesses in the cannabis industry may be deemed aiding and abetting an illegal activity under federal law. If such an action were brought, we may be forced to cease operations and our investors could lose their entire investment. Such an action would have a material negative effect on our business and operations. For background information on the inconsistency between state and federal regulation of cannabis, please refer to "Item 4 — Information on the Company — B. Business Overview — Effects of Government Regulations".

The funding of businesses in the cannabis industry may expose us to potential criminal liability.

While we do not intend to harvest, distribute or sell cannabis, the funding of businesses in the medical and adult-use cannabis industry could be deemed to be participating in marijuana cultivation, which remains illegal under federal law pursuant to the CSA and exposes us to potential criminal liability, with the additional risk that our properties, or those of our portfolio companies, could be subject to civil forfeiture proceedings. For background information on the inconsistency between state and federal regulation of cannabis, please refer to "Item 4 — Information on the Company — B. Business Overview — Effects of Government Regulations".

Management may not be able to predict all new emerging risks or how such risks may impact actual results of the Company in the highly regulated, highly competitive and rapidly evolving U.S. cannabis industry.

As a result of the conflicting views between state legislatures and the federal government regarding cannabis, financings with cannabis related businesses in the U.S. are subject to a higher degree of uncertainty and risk. Such risks are difficult to predict. For instance, it is presently unclear whether the U.S. federal government intends to enforce federal laws relating to cannabis where the conduct at issue is legal under applicable state law. Further, there can be no assurance that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions.

Unless and until the U.S. federal government amends the CSA with respect to cannabis (and as to the timing or scope of any such potential amendment there can be no assurance), there can be no assurance that it will not seek to prosecute cases involving cannabis businesses that are otherwise compliant with state law. Such potential proceedings could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the federal government or private citizens; or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities or divestiture. Such proceedings could have a material adverse effect on the Company's business, revenues, operating results and financial condition as well as the Company's reputation, even if such proceedings were concluded successfully in favour of the Company. The regulatory uncertainties make identifying the new risks applicable to the Company and its business and the assessment of the impact of those risks on the Company and its business extremely difficult.

Risks Factors (Continued)

The U.S. cannabis industry is subject to extensive controls and regulations, which impose significant costs on the Company and its portfolio companies and may affect the financial condition of market participants, including the Company.

Participants in the U.S. cannabis industry will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties or restrictions of operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the participant and, thereby, on the Company's prospective returns.

It is also important to note that local and city ordinances may strictly limit and/or restrict the distribution of cannabis in a manner that will make it extremely difficult or impossible to transact business in the cannabis industry. If the U.S. federal government begins to enforce federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing state laws are repealed or curtailed, then the Company's financings in such businesses would be materially and adversely affected notwithstanding that the Company may not be directly engaged in the sale or distribution of cannabis.

Changes to or the imposition of new government regulations, including those relating to taxes and other government levies, may affect the marketability of cannabis products. Such changes in government levies (including taxes), which are beyond the control of the participant and which cannot be predicted, could reduce the Company's earnings and could make future financing uneconomic.

The Company and the companies it funds may become subject to litigation which could have a significant impact on the Company's profitability.

The cannabis industry is subject to numerous legal challenges and could become subject to new, unexpected legal challenges. The Company, or one or more of the Company's portfolio companies, may become subject to a variety of claims and lawsuits, such as U.S. federal actions against any individual or entity engaged in the marijuana industry. There can be no assurances the federal government of the United States or other jurisdictions will not seek to enforce the applicable laws against the Company. The consequences of such enforcement would be materially adverse to the Company and the Company's business and could result in the forfeiture or seizure of all or substantially all of the Company's assets. Litigation and other claims are subject to inherent uncertainties and management's view of these matters may change in the future. Adverse outcomes in some or all of these claims may result in significant monetary damages or injunctive relief that could adversely affect our ability to conduct our business. A material adverse impact on our financial statements also could occur for the period in which the effect of an unfavorable final outcome becomes probable and reasonably estimable.

As the possession and use of cannabis is illegal under the CSA, we may be deemed to be aiding and abetting illegal activities through the funding of our portfolio companies, and as such may be subject to enforcement actions which could materially and adversely affect our business.

The possession, use, cultivation, or transfer of cannabis remains illegal under the CSA. As a result, law enforcement authorities regulating the illegal use of cannabis may seek to bring an action or actions against us, including, but not limited to, a claim of aiding and abetting another's criminal activities. The federal aiding and abetting statute provides that anyone who "commits an offense against the United States or aids, abets, counsels, commands, induces or procures its commission, is punishable as a principal." 18 U.S.C. §2(a). Such an action would have a material adverse impact on our business and operations.

Risks Factors (Continued)

Losing access to traditional banking and the application of anti-money laundering rules and regulations to our business could have a significant effect on our ability to conclude financings and achieve returns.

The Company is subject to a variety of laws and regulations in Canada and the U.S. that involve money laundering, financial recordkeeping and proceeds of crime, including the U.S. Currency and Foreign Transactions Reporting Act of 1970 (commonly known as the Bank Secrecy Act), as amended by Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act), the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada), as amended and the rules and regulations thereunder, and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the U.S. and Canada. Further, under U.S. federal law, banks or other financial institutions that provide a cannabis business with a chequing account, debit or credit card, small business loan, or any other service could be found guilty of money laundering, aiding and abetting, or conspiracy. For background on these laws and various guidance issued by certain regulatory authorities concerning banking cannabis-related businesses, please refer to "Item 4 — Information on the Company — B. Business Overview — Effects of Government Regulations".

Overall, since the production and possession of cannabis is illegal under U.S. federal law, there is a strong argument that banks cannot accept for deposit funds from businesses involved with the cannabis industry. Consequently, businesses involved in the cannabis industry often have difficulty finding a bank willing to accept their business. As the Company will have a material ancillary involvement in the U.S. legal cannabis industry, the Company may find that it is unable to open bank accounts with certain Canadian financial institutions, which in turn may make it difficult to operate the Company's business. Furthermore, the Company's U.S. subsidiaries may be unable to open bank accounts with U.S. financial institutions, which may also make it difficult to operate the Company's business.

Proceeds from the Company's financings could be considered proceeds of crime which may restrict the Company's ability to pay dividends or effect other distributions to its shareholders.

The Company's future financings, and any proceeds thereof, may be considered proceeds of crime due to the fact that cannabis remains illegal federally in the U.S. This may restrict the ability of the Company to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada. Furthermore, while the Company has no current intention to declare or pay dividends on its Shares in the foreseeable future, the Company may decide or be required to suspend declaring or paying dividends without advance notice and for an indefinite period of time.

The Company has historically relied entirely on access to both public and private capital in order to support its continuing operations, and the Company expects to continue to rely almost exclusively on the capital markets to finance its business in the U.S. legal cannabis industry.

Although such business carries a higher degree of risk, and despite the legal standing of cannabis businesses pursuant to U.S. federal laws, Canadian based issuers involved in the U.S. legal cannabis industry have been successful in raising substantial amounts of private and public financing. However, there is no assurance the Company will be successful, in whole or in part, in raising funds in the future, particularly if the U.S. federal authorities change their position toward enforcing the CSA. Further, access to funding from U.S. residents may be limited due to their unwillingness to be associated with activities which violate U.S. federal laws.

Risks Factors (Continued)

The Company's involvement in the U.S. cannabis industry may become the subject of heightened scrutiny by regulators, stock exchanges, clearing agencies and other authorities in Canada, which could lead to the imposition of certain restrictions on the Company's ability to invest in the U.S.

It has been reported in Canada that the Canadian Depository for Securities Limited is considering a policy shift that would see its subsidiary, CDS Clearing and Depository Services Inc. ("CDS"), refuse to settle trades for cannabis issuers that have investments in the U.S. CDS is Canada's central securities depository, clearing and settling trades in the Canadian equity, fixed income and money markets. The TMX Group, the owner and operator of CDS, subsequently issued a statement on August 17, 2017 reaffirming that there is no CDS ban on the clearing of securities of issuers with cannabis-related activities in the U.S., despite media reports to the contrary, and that the TMX Group was working with regulators to arrive at a solution that will clarify this matter, which would be communicated at a later time. If such a ban were to be implemented, it would have a material adverse effect on the ability of holders of the Company's Shares to make and settle trades. In particular, the Shares would become highly illiquid as until an alternative was implemented, investors would have no ability to effect a trade of the Shares through the facilities of the Exchange.

On February 8, 2018, following discussions with the Canadian Securities Administrators and recognized Canadian securities exchanges, the TMX Group announced the signing of a Memorandum of Understanding ("MOU") with Aequitas NEO Exchange Inc., the CSE, the Toronto Stock Exchange, and the TSX Venture Exchange. The MOU outlines the parties' understanding of Canada's regulatory framework applicable to the rules, procedures, and regulatory oversight of the exchanges and CDS as it relates to issuers with cannabis-related activities in the U.S. The MOU confirms, with respect to the clearing of listed securities, that CDS relies on the exchanges to review the conduct of listed issuers. As a result, there is no CDS ban on the clearing of securities of issuers with cannabis-related activities in the U.S. However, there can be no guarantee that this approach to regulation will continue in the future.

For the reasons set forth above, the Company's future financings in the U.S. may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada. As a result, the Company may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Company's ability to invest in the U.S. or any other jurisdiction, in addition to those described herein.

The Company's proposed business operations will indirectly be affected by a variety of laws, regulations and guidelines which could increase compliance costs substantially or require the alteration of business plans.

The Company's business operations will indirectly be affected by laws and regulations relating to the manufacture, management, transportation, storage and disposal of cannabis, as well as laws and regulations relating to consumable products health and safety, the conduct of operations and the protection of the environment. These laws are broad in scope and subject to evolving interpretations, which could require participants to incur substantial costs associated with compliance or alter certain aspects of its business plans. In addition, violations of these laws, or allegations of such violations, could disrupt certain aspects of the Company's business plans and result in a material adverse effect on certain aspects of its planned operations.

Risks Factors (Continued)

As consumer perceptions regarding legality, morality, consumption, safety, efficacy and quality of cannabis evolve, the Company may face unfavourable publicity or consumer perception.

The legal cannabis industry in the U.S. is at an early stage of its development. Cannabis has been, and will continue to be, a controlled substance for the foreseeable future. Consumer perceptions regarding legality, morality, consumption, safety, efficacy and quality of cannabis are mixed and evolving. Consumer perception can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for cannabis and on the business, results of operations, financial condition and cash flows of the Company. Further, adverse publicity reports or other media attention regarding cannabis in general or associating the consumption of cannabis with illness or other negative effects or events, could have such a material adverse effect. Public opinion and support for medical and adult-use cannabis use has traditionally been inconsistent and varies from jurisdiction to jurisdiction. While public opinion and support appears to be rising for legalizing medical and adult-use cannabis, it remains a controversial issue subject to differing opinions surrounding the level of legalization (for example, medical marijuana as opposed to legalization in general). The Company's ability to gain and increase market acceptance of its proposed royalty business may require substantial expenditures on investor relations, strategic relationships and marketing initiatives. There can be no assurance that such initiatives will be successful and their failure may have an adverse effect on the Company.

Cannabis use may increase the risk of serious adverse side effects which could subject the Company or its portfolio companies to product liability claims, regulatory action and litigation.

As a company that finances businesses in the cannabis industry, we face the risk of exposure to, or having our portfolio companies exposed to, product liability claims, regulatory action and litigation if the products or services of our portfolio companies are alleged to have caused loss or injury. Our portfolio companies may become subject to product liability claims due to allegations that their products caused or contributed to injury or illness, failed to include adequate instructions for use or failed to include adequate warnings concerning possible side effects or interactions with other substances. This risk is exacerbated by the fact that cannabis use may increase the risk of developing schizophrenia and other psychoses, may exacerbate the symptoms for individuals with bipolar disorder, may increase the risk for the development of depressive disorders, may impair learning, memory and attention capabilities, and result in other side effects. In addition, previously unknown adverse reactions resulting from human consumption of cannabis products alone or in combination with other medications or substances could also occur. There can be no assurance that our portfolio companies will be able to 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 result in our portfolio companies becoming subject to significant liabilities that are uninsured and also could adversely affect their commercial arrangements with third parties. Such a product liability claim or regulatory action against an operator could result in increased costs, could adversely affect the Company's financing and reputation, and could have a material adverse effect on the results of operations and financial condition of the Company.

Risks Factors (Continued)

If our portfolio companies do not comply with applicable packaging, labeling and advertising restrictions on the sale of cannabis in the adult-use market, we could face increased costs, our reputation could be negatively affected and there could be a material adverse effect on our results of operations and financial condition.

Products distributed by our portfolio companies into the adult-use market may be required to comply with legislative requirements relating to product formats, product packaging, and marketing activities around such products, among others. As such, the portfolio of brands and products of our portfolio companies will need to be specifically adapted, and their marketing activities carefully structured, to enable them to develop their brands in an effective and compliant manner. If our portfolio companies are unable to effectively market their cannabis products and compete for market share, or if the costs relating to compliance with government legislation increase beyond what can be absorbed in the price of products, our earnings could be adversely affected which could make future financing uneconomic.

The products of our portfolio companies may become subject to product recalls, which could negatively impact our results of operations.

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 products of our portfolio companies are recalled due to an alleged product defect or for any other reason, such recall may disrupt certain aspects of the Company's business plans and result in a material adverse effect on certain aspects of its planned operations. In addition, a product recall involving one or multiple of our portfolio companies may require significant attention by our senior management. If the products of one of our portfolio companies were subject to recall, the image of that brand and the Company as an investor could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the products of our portfolio companies 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 our operations by the U.S. FDA, Health Canada or other regulatory agencies, requiring further senior management attention and potential legal fees and other expenses.

Risks Related to Royalties

The Company may expend valuable time and effort in performing due diligence on companies and their existing royalties which may not be able to be acquired by the Company owing to existing third-party rights.

Rights of third parties may restrict the Company's ability to acquire existing royalties. Royalty interests may be subject to: (i) buy-down right provisions pursuant to which the operator may buy-back all or a portion of the royalty; (ii) pre-emptive rights pursuant to which parties have the right of first refusal or first offer with respect to a proposed sale or assignment of the royalty; or (iii) claw back rights pursuant to which the seller of a royalty has the right to re-acquire the royalty. As a result, (a) royalties held by the Company may not continue for the full term of the original contract, and (b) should the Company seek to acquire existing royalties in the future, holders of such rights may exercise them such that certain existing royalty interests would not be available for acquisition.

The determination of costs is made by the operator and is beyond the control of the Company but may negatively influence the royalty return received by the Company.

Should the Company hold a net profit royalty, it would have the added risk that such royalties allow the operator to account for the effect of prevailing cost pressures on the project before calculating a royalty. These cost pressures may include costs of labour, equipment, electricity, environmental compliance, and numerous other capital, operating and production inputs. Such costs will fluctuate in ways the royalty holder will not be able to predict and will be beyond the control of such holder and can have a dramatic effect on the amount payable on these royalties. Any increase in the costs incurred by the operators will likely result in a decline in the royalty received by the royalty holder. This, in turn, may have a material adverse effect on its profitability, financial condition, and results of operation.

Risks Factors (Continued)

The Company does not control the business operations over which the royalty is determined and the interests of owners/operators and the Company may not always be aligned, which could negatively influence the royalty return received by the Company.

Cash flows derived from royalties are based on operations by third parties. These third parties will be responsible for determining the manner in which their business is operated or the relevant assets subject to the royalties are exploited, including decisions to expand, continue or reduce production, decisions about the marketing of products extracted from the asset and decisions to advance expansion efforts and further develop non-producing assets. As a holder of royalties or other interests, the Company will have little or no input on such matters. The interests of third-party owners and operators and those of the Company on the relevant assets may not always be aligned.

The Company has limited access to data and disclosure which may make the assessment of the value of the Company's current or future financings difficult to determine and which could result in the royalties being less profitable than expected.

As a holder of royalties and other non-operator interests, the Company neither serves as the owner or operator, and in almost all cases the Company has limited input into how the operations are conducted. As such, the Company has varying access to data on the operations or to the actual assets themselves. This could affect its ability to assess the value of the royalties or enhance their performance. This could also result in delays in cash flow from that anticipated by the Company based on the stage of development of the applicable business or assets. The Company's royalty payments may be calculated by the operator in a manner different from the Company's projections and the Company may or may not have rights of audit with respect to such royalty interests. In addition, some royalties may be subject to confidentiality arrangements which govern the disclosure of information with regard to royalties and as such the Company may not be in a position to publicly disclose non-public information with respect thereto. The limited access to data and disclosure regarding the businesses in which the Company has an interest, may restrict its ability to assess the value or enhance its performance which may have a material adverse effect on the Company's profitability, results of operation and financial condition.

Royalties are largely contractually-based and may not always be honoured by the counterparties to the Company's royalty contracts, which may have a material adverse effect on the Company's profitability, results of operations and financial condition.

Royalties are largely contractually based. Parties to contracts do not always honour contractual terms and contracts themselves may be subject to interpretation or technical defects. To the extent grantors of royalties and other interests do not abide by their contractual obligations, the Company may be forced to take legal action to enforce its contractual rights. Such litigation may be time consuming and costly, and as with all litigation, no guarantee of success can be made. Should any such decision be determined adversely to the Company, it may have a material adverse effect on the Company's profitability, results of operations and financial condition.

General Business Risks

There can be no assurance that future financings made by the Company will be profitable.

As part of the Company's overall business strategy, the Company intends to pursue its financing policy and objectives. There are always risks associated with any business transaction, particularly one that involves a largely cash based operation, operating in a new and growing field, with conflicting federal and state laws. There is no assurance any financings will be profitable.

As the cannabis industry is nascent, expectations regarding the development of the market may not be accurate and may change.

Due to the early stage of the legal cannabis industry, forecasts regarding the size of the industry and the sales of products are inherently subject to significant unreliability. A failure in the demand for 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.

Risks Factors (Continued)

The success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management.

While employment agreements or management agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such people. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results or financial condition.

The Company's participation in the cannabis industry may lead to litigation, formal or informal complaints, enforcement actions, and inquiries by various federal, state, or local governmental authorities.

Litigation, complaints, and enforcement actions the Company could consume considerable amounts of financial and other corporate resources, which could have an adverse effect on the Company's future cash flows, earnings, results of operations and financial condition.

The Company is a British Columbia corporation governed by the Business Corporations Act (British Columbia) and, as such, our corporate structure, the rights and obligations of shareholders and our corporate bodies may be different from those of the home countries of international investors.

Non-Canadian residents may find it more difficult and costlier to exercise shareholder rights. International investors may also find it costly and difficult to effect service of process and enforce their civil liabilities against us or some of our directors, controlling persons and officers.

The cultivation, extraction and processing of cannabis and derivative products is dependent on a number of key inputs and their related costs including raw materials, electricity, water and other local utilities.

Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the business, financial condition and operating results of an operator. Some of these inputs may only be available from a single supplier or a limited group of suppliers.

If a sole source supplier was to go out of business, an operator might be unable to find a replacement for such source in a timely manner or at all. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on the business, financial condition and operating results of an operator, and consequently, the Company.

The success of the Company may depend, in part, on the ability of an operator to maintain and enhance trade secret protection over its various existing and potential proprietary techniques and processes, or trademark and branding developed by it.

Each operator may also be vulnerable to competitors who develop competing technology, whether independently or as a result of acquiring access to the proprietary products and trade secrets of the operator. In addition, effective future patent, copyright and trade secret protection may be unavailable or limited in certain foreign countries and may be unenforceable under the laws of certain jurisdictions.

Risks Factors (Continued)

Insurance coverage obtained by an operator may be insufficient to cover all claims to which the operator may become subject.

The Company will require an operator to have insurance coverage for applicable risks. However, there can be no assurance that such coverage will be available or sufficient to cover claims to which the operator may become subject. Each operator may be affected by a number of operational risks and may not be adequately insured for certain risks, including: civil litigation; labour disputes; catastrophic accidents; fires; blockades or other acts of social activism; changes in the regulatory environment; impact of non-compliance with laws and regulations; natural phenomena, such as inclement weather conditions, floods, earthquakes and ground movements. There is no assurance that the foregoing risks and hazards will not result in damage to, or destruction of, an operator's properties, grow facilities and extraction facilities, personal injury or death, environmental damage, adverse impacts on the operator's operations, costs, monetary losses, potential legal liability and adverse governmental action, any of which could have an adverse impact on the Company's future cash flows, earnings and financial condition. Also, an operator may be subject to or affected by liability or sustain loss for certain risks and hazards against which it may elect not to insure because of the cost. If insurance coverage is unavailable or insufficient to cover any such claims, an operator's financial resources, results of operations and prospects, as well as the Company's financing, could be adversely affected.

Maintaining a public listing is costly and will add to the Company's legal and financial compliance costs.

As a public company, there are costs associated with legal, accounting and other expenses related to regulatory compliance. Securities legislation and the rules and policies of the CSE require listed companies to, among other things, adopt corporate governance and related practices, and to continuously prepare and disclose material information, all of which add to a company's legal and financial compliance costs. The Company may also elect to devote greater resources than it otherwise would have on communication and other activities typically considered important by publicly traded companies.

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 Shares. Even if the Company is involved in litigation and wins, litigation can redirect significant resources.

The Company may experience difficulty implementing its business strategy.

The growth and expansion of the Company is heavily dependent upon the successful implementation of its business strategy. There can be no assurance that the Company will be successful in the implementation of its business strategy.

Conflicts of interest involving the Company's directors and officers may arise and may be resolved in a manner that is unfavourable to the Company.

Certain of the Company's directors and officers are, and may continue to be, involved in other business ventures through their direct and indirect participation in corporations, partnerships, joint ventures, etc. that may become potential competitors of the technologies, products and services the Company intends to provide. Situations may arise in connection with potential acquisitions or opportunities where the other interests of these directors and officers conflict with or diverge from the Company's interests. In accordance with applicable corporate law, directors who have a material interest in or who is a party to a material contract or a proposed material contract with the Company are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors and officers are required to act honestly and in good faith with a view to the Company's best interests. However, in conflict of interest situations, the Company's directors and officers may owe the same duty to another company and will need to balance their competing interests with their duties to the Company. Circumstances (including with respect to future corporate opportunities) may arise that may be resolved in a manner that is unfavourable to the Company.

Risks Factors (Continued)

The available talent pool may not be large enough for the Company to identify and hire personnel required to develop the business, which may mean that the growth of the Company's business will suffer.

As the Company grows, it will need to hire additional human resources to continue to develop the business. However, experienced talent in the areas of financings and cannabis may be difficult to source, and there can be no assurance that the appropriate individuals will be available or affordable to the Company. Without adequate personnel and expertise, the growth of the Company's business may suffer.

If the requirements of the Investment Company Act of 1940 (the "1940 Act") were imposed on the Company, such requirements would adversely affect our operations.

The Company intends to conduct its operations so that it is not required to register as an investment company under the 1940 Act. Section 3(a)(1)(A) of the 1940 Act defines an investment company as any issuer that is or holds itself out as being engaged primarily in the business of investing, reinvesting or trading in securities. Section 3(a)(1)(C) of the 1940 Act defines an investment company as any issuer that is engaged or proposes to engage in the business of investing, reinvesting, owning, holding or trading in securities and owns or proposes to acquire investment securities having a value exceeding 40% of the value of the issuer's total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis, which we refer to as the 40% test. Excluded from the term "investment securities," among other things, are securities issued by majority-owned subsidiaries that are not themselves investment companies and are not relying on the exception from the definition of investment company set forth in Section 3(c)(1) or Section 3(c)(7) of the 1940 Act.

The Company is organized as a holding company that conducts business primarily through wholly-owned or majority-owned subsidiaries. The Company intends to conduct operations so that it complies with the 40% test. The Company will monitor our holdings to comply with this test. Failure to comply with the 40% test could require the Company to register as an investment company under the 1940 Act, which would have a material adverse effect on our operations.

There could be adverse tax consequence for our shareholders in the United States if we are deemed a passive foreign investment company.

Under United States federal income tax laws, if a company is (or for any past period was) a passive foreign investment company (which we refer to as "PFIC"), it could have adverse United States federal income tax consequences to U.S. shareholders even if the company is no longer a PFIC. The determination of whether we are a PFIC is a factual determination made annually based on all the facts and circumstances and thus is subject to change. Furthermore, the principles and methodology used in determining whether a company is a PFIC are subject to interpretation. The Company believes based on current business plans and financial expectations that it may be a PFIC for the current tax year and future tax years. United States purchasers of our common shares are urged to consult their tax advisors concerning United States federal income tax consequences of holding our common shares if we are considered to be a PFIC.

If we are a PFIC, U.S. holders would be subject to adverse U.S. federal income tax consequences such as the ineligibility for any preferred tax rates on capital gains, the ineligibility for actual or deemed dividends, interest charges on certain taxes treated as deferred, and additional reporting requirements under U.S. federal income tax laws or regulations. Whether or not U.S. holders make a timely qualified electing fund (or QEF) election or mark-to-market election may affect the U.S. federal income tax consequences to U.S. holders with respect to the acquisition, ownership, and disposition of our common shares and any distributions such U.S. holders may receive. Investors should consult their own tax advisors regarding all aspects of the application of the PFIC rules to our common shares.



**Condensed Interim Consolidated Financial
Statements**

Period ended October 31, 2018 and 2017

(Expressed in Canadian dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the condensed interim consolidated financial statements.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of condensed interim consolidated financial statements by an entity's auditor.

TIDAL ROYALTY CORP.

Condensed Interim Consolidated Statements of Financial Position

*(Expressed in Canadian dollars)**(Unaudited – prepared by management)*

As at	Note	October 31, 2018 \$	July 31, 2018 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		27,900,288	33,904,759
Sales tax receivable		178,205	129,415
Promissory note receivable	4	441,118	-
Investment deposit	5	3,000,000	-
Prepaid expenses and deposits	6	375,573	531,859
TOTAL ASSETS		31,895,184	34,566,033
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	7	133,917	311,357
Due to related parties	8	7,935	18,685
Loans payable	9	10,000	10,000
TOTAL CURRENT LIABILITIES		151,852	340,042
EQUITY			
Convertible preferred shares	10	3,754,721	1,754,721
Convertible preferred shares issuable	10	-	2,000,000
Common shares	10	46,974,513	45,432,573
Reserves	10	5,153,165	5,324,016
Accumulated deficit		(24,139,067)	(20,285,319)
		31,743,332	34,225,991
TOTAL LIABILITIES AND EQUITY		31,895,184	34,566,033

Nature of Operations (Note 1)

Commitment (Note 14)

Subsequent events (Note 15)

Approved on behalf of the Board of Directors:

"Brian Penny"

Brian Penny, Director

"Theo van der Linde"

Theo van der Linde, Director

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

TIDAL ROYALTY CORP.

Condensed Interim Consolidated Statements of Comprehensive Loss

*(Expressed in Canadian dollars)**(Unaudited – prepared by management)*

	2018	2017
For the three-month period ended October 31,	\$	\$
Expenses		
Advertising and promotion	2,155,074	-
Consulting fees (Note 8)	242,557	28,935
General and administration	127,596	1,562
Foreign exchange loss	75,222	-
Share-based compensation (Note 10)	666,089	-
Salaries and benefits (Note 8)	258,807	-
Rent (Note 8)	44,752	-
Professional fees	182,884	14,110
Transfer agent and filing fees	46,919	11,470
Travel	56,527	-
	(3,856,427)	(56,077)
Other income		
Interest income	2,679	-
Net loss and comprehensive loss for the period	(3,853,748)	(56,077)
Loss per share, basic and diluted for the period	(0.02)	(0.02)
Weighted average number of common shares outstanding	244,851,218	2,843,636

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

TIDAL ROYALTY CORP.
Condensed Interim Consolidate Statements of Equity (Deficiency)
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

	Number of convertible preferred shares	Convertible preferred shares \$	Convertible preferred shares issuable \$	Number of common shares	Common shares \$	Share-based payment reserve \$	Warrant reserve \$	Total reserves \$	Accumulated deficit \$	Total shareholders' equity (deficiency) \$
Balance, July 31, 2017	-	-	-	2,843,636	12,297,109	27,464	-	27,464	(12,460,230)	(135,657)
Net and comprehensive loss for the period	-	-	-	-	-	-	-	-	(56,077)	(56,077)
Balance, October 31, 2017	-	-	-	2,843,636	12,297,109	27,464	-	27,464	(12,516,307)	(191,734)
Balance, July 31, 2018	40,000,000	1,754,721	2,000,000	227,787,662	45,432,573	3,277,940	2,046,076	5,324,016	(20,285,319)	34,225,991
Conversion of 40,000,000 preferred warrants	40,000,000	2,000,000	(2,000,000)	-	-	-	-	-	-	-
Conversion of special warrants	-	-	-	12,690,000	634,500	-	(634,500)	(634,500)	-	-
Conversion of 4,000,000 preferred finders' warrants	-	-	-	4,000,000	141,440	-	(141,440)	(141,440)	-	-
Conversion of 1,220,000 finders' special warrants	-	-	-	1,220,000	61,000	-	(61,000)	(61,000)	-	-
Proceeds from warrants exercised	-	-	-	14,100,000	705,000	-	-	-	-	705,000
Share-based compensation	-	-	-	-	-	666,089	-	666,089	-	666,089
Net and comprehensive loss for the period	-	-	-	-	-	-	-	-	(3,853,748)	(3,853,748)
Balance, October 31, 2018	80,000,000	3,754,721	-	258,797,662	46,974,513	3,944,029	1,209,136	5,153,165	(24,139,067)	31,743,332

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

TIDAL ROYALTY CORP.

Condensed Interim Consolidated Statements of Cash Flows

*(Expressed in Canadian dollars)**(Unaudited – Prepared by Management)*

For the period ended October 31, 2018	2018	2017
Cash provided by (used in):		
OPERATING ACTIVITIES		
Net loss for the period	\$ (3,853,748)	\$ (56,077)
Items not affecting operating cash:		
Interest income	(1,925)	-
Foreign exchange	(4,260)	-
Share-based payments	666,089	-
	(3,193,844)	(56,077)
Net changes in non-cash working capital:		
Sales tax receivable	(48,790)	(1,438)
Prepaid expense	156,286	1,211
Accounts payables and accrued liabilities	(188,190)	6,011
Cash used in operating activities	(3,274,538)	(50,293)
FINANCING ACTIVITIES		
Loans received	-	40,000
Due to related parties	-	12,647
Proceeds from exercise of common share purchase warrants	705,000	-
Cash provided by financing activities	705,000	52,647
INVESTING ACTIVITIES		
Promissory note receivable	(434,933)	-
Investment Deposit	(3,000,000)	-
Cash used in investing activities	(3,434,933)	-
Increase (decrease) in cash and cash equivalents	(6,004,471)	2,354
Cash and cash equivalents, beginning of the period	33,904,759	20,265
Cash and cash equivalents, end of the period	\$ 27,900,288	\$ 22,619
The components of cash and cash equivalents are:		
Cash at bank	\$ 27,785,288	\$ 22,619
Term deposit	115,000	-
	\$ 27,900,288	\$ 22,619
Non-cash Financing Activities		
Conversion of special warrants	\$ 836,940	\$ -

The accompanying notes are an integral part of these financial statements

TIDAL ROYALTY CORP.

Notes to Condensed Interim Consolidated Financial Statements

Period ended October 31, 2018 and 2017

(Expressed in Canadian dollars)

(Unaudited – prepared by management)

1. Nature of Operations

Tidal Royalty Corp. was incorporated under the laws of British Columbia as Tremineo Resources Ltd. on March 12, 1980. The name was changed to Elkhorn Gold Mining Corporation on February 8, 1999 and to Tulloch Resources Ltd. on October 12, 2011 and to Tidal Royalty Corp. on July 18, 2017. The Company is a life sciences company with a focus on financing businesses that pertain in any way to cannabis which is carried out in compliance with applicable U.S. state laws ("legal cannabis industry"). The Company anticipates entering into financing arrangements involving royalties, debt and other forms of investments in private and public companies in the US legal cannabis industry. The Company is a reporting issuer in the provinces of British Columbia and Ontario and on June 25, 2018, the Company's shares commenced trading on the CSE under the trading symbol "RLTY".

The head office and records office of the Company are located at Suite 810, 789 West Pender Street, Vancouver, British Columbia, V6C 1H2. The principal place of business of the Company is 161 Bay St., Suite 4010, Toronto ON, M5J 2S1.

The Company's business objective is to provide capital solutions to companies in the legal cannabis industry with large-scale potential and a highly-skilled and experienced management team, in exchange for a royalty. The Company is actively pursuing opportunities to provide expansion capital to licensed, qualified operators across multiple industry verticals, including cultivation, processing, and distribution. An investment in Tidal Royalty will allow shareholders to participate in the broader US cannabis market's growth while diversifying against specific operational risks.

2. Basis of Preparation and Statement of Compliance

Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and in accordance with IAS 34 – Interim Financial Reporting. The condensed interim consolidated financial statements do not include all the information required for annual financial statements and should be read in conjunction with the Company's audited financial statements for the year ended July 31, 2018. These condensed interim consolidated financial statements have been prepared following the same accounting policies as the Company's audited financial statements for the year ended July 31, 2018.

The condensed interim consolidated financial statements were approved and authorized for issuance by the Board of Directors on December 18, 2018.

These condensed interim consolidated financial statements have been prepared on the accrual basis and are based on historical costs, modified where applicable. The condensed interim consolidated financial statements are presented in Canadian dollars unless otherwise noted.

Basis of Presentation

The condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial assets that are measured at fair value. All dollar amounts presented are in Canadian dollars unless otherwise specified.

Functional and Presentation Currency

These financial statements are presented in Canadian dollars. The functional currency of each entity is determined using the currency of the primary economic environment in which the entity operates. The Company's functional currency, as determined by management, is the Canadian dollar. The Company's subsidiaries functional currency, as determined by management, is the United States dollar.

TIDAL ROYALTY CORP.

Notes to Condensed Interim Consolidated Financial Statements

Period ended October 31, 2018 and 2017

(Expressed in Canadian dollars)

(Unaudited – prepared by management)

2. Basis of Preparation and Statement of Compliance (Continued)Basis of Consolidation

During the period ended October 31, 2018, the Company incorporated several subsidiaries. As of the date of these condensed interim consolidated financial statements, the Company's structure is represented by Tidal Royalty Corp., parent company incorporated pursuant to the provision of the Business Corporations Act (British Columbia), and the following subsidiaries:

Name	Functional Currency	Place of Incorporation	Interest
RLTY USA Corp.	US Dollar	Delaware, USA	100%
RLTY Equipment CA 1 LLC	US Dollar	Delaware, USA	100%
RLTY Development MA1 LLC	US Dollar	Delaware, USA	100%
RLTY Development NV 1 LLC	US Dollar	Delaware, USA	100%
RLTY Service LLC	US Dollar	Delaware, USA	100%

These condensed consolidated interim financial statements include the accounts of the Company and its controlled entities. Control is achieved when the Company has the power to govern the financial operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases. All inter-company transactions, balances, income and expenses are eliminated in full upon consolidation.

Use of Estimates and Judgments

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions about the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and the results of operations. Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i) Share-based payment transactions

Management uses the Black-Scholes pricing model to determine the fair value of stock options and standalone share purchase warrants issued. This model requires assumptions of the expected future price volatility of the Company's common shares, expected life of options and warrants, future risk-free interest rates and the dividend yield of the Company's common shares.

ii) Income taxes

Management exercises judgment to determine the extent to which deferred tax assets are recoverable, and can therefore be recognized in the statements of financial position and comprehensive income or loss.

TIDAL ROYALTY CORP.

Notes to Condensed Interim Consolidated Financial Statements

Period ended October 31, 2018 and 2017

(Expressed in Canadian dollars)

(Unaudited – prepared by management)

3. Significant Accounting Policies

In preparing these condensed interim consolidated financial statements, the significant accounting policies and the significant judgments made by management in applying the Company's significant accounting policies and key sources of estimation uncertainty were the same as those that applied to the Company's audited consolidated financial statements for the year ended July 31, 2018, with exception to the new accounting policies adopted by the Company discussed below.

The preparation of condensed consolidated interim financial statements requires that the Company's management make judgments and estimates of effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period. Actual future outcomes could differ from present estimates and judgments, potentially having material future effects on the Company's condensed interim financial statements. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

Change in accounting policies*IFRS 9 – Financial Instruments*

IFRS 9 was issued by the International Accounting Standards Board ("IASB") in November 2009 and October 2010 and will replace IAS 39. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Two measurement categories continue to exist to account for financial liabilities in IFRS 9, FVTPL and amortized cost. Financial liabilities held-for-trading are measured at FVTPL, and all other financial liabilities are measured at amortized cost unless the fair value option is applied. The treatment of embedded derivatives under the new standard is consistent with IAS 39 and is applied to financial liabilities and non-derivative hosts not within the scope of the standard. IFRS 9 introduces an 'expected credit loss' model for the impairment of financial assets. The measurement of the Company's financial assets and liabilities will not significantly change on transition to IFRS 9. Additionally, the Company is exposed to minimal expected credit losses due to the fact that it has an insignificant amount of accounts receivable. The Company has adopted the amendments to IFRS 9 in its financial statements for the annual period beginning on August 1, 2018 with no resulting adjustments.

IFRS 9 – Revenue with Contracts

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It has replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Company has adopted the amendments to IFRS 15 in its financial statements for the annual period beginning on August 1, 2018 with no resulting adjustments.

TIDAL ROYALTY CORP.

Notes to Condensed Interim Consolidated Financial Statements

Period ended October 31, 2018 and 2017

*(Expressed in Canadian dollars)**(Unaudited – prepared by management)***3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

New standards and interpretations not yet adopted Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for future accounting periods with early adoption permitted. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

IFRS 2 Share-based Payment - In November 2016, the IASB has revised IFRS 2 to incorporate amendments issued by the IASB in June 2016. The amendment provide guidance on the accounting for i) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; ii) share-based payment transactions with a net settlement feature for withholding tax obligations and iii) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The amendments are effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The Company does not expect that the new standard will have a significant impact on its financial statements.

Standard is effective for annual periods beginning on or after January 1, 2019:

IFRS 16 Leases - In June 2016, the IASB issued IFRS 16 - Leases. IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, lessees are no longer classifying leases as either operating leases or finance leases as it is required by IAS 17. The standard is effective for annual periods beginning on or after January 1, 2019. The Company does not expect that the new standard will have a significant impact on its financial statements.

TIDAL ROYALTY CORP.

Notes to Condensed Interim Consolidated Financial Statements

Period ended October 31, 2018 and 2017

(Expressed in Canadian dollars)

(Unaudited – prepared by management)

4. Promissory Note Receivable

On August 31, 2018, the Company entered into a definitive agreement with VLF Holdings LLC, an Oregon limited liability company d/b/a Diem Cannabis (“Diem”) to provide TDMA LLC, a Massachusetts subsidiary of Diem (“TDMA”) with up to US\$12.5 million (the “Funding”) over the next three years to develop and operate a large-scale cultivation and processing facility (the “Site”) and up to four dispensaries (the “Dispensaries”).

The Funding will be in the form of (i) promissory notes advanced at various stages of development of operations in the state; and (ii) the purchase price for real property acquisitions with respect to Sites and Dispensaries. Newly-formed subsidiaries of RLTY Development MA 1 LLC will acquire title to the real property purchased in respect of the Site and Dispensary acquisitions and will enter into leases (“Leases”) with TDMA (or its nominee) with respect to their operation. The Leases will be “triple net” and will include payments of (i) annual base rent; (ii) percentage rent calculated as 15% of net sales; and (iii) additional rent relating to the costs of property insurance, real estate taxes and any maintenance and repair.

The Funding will be secured by (i) guarantees of the payment and performance of all obligations of TDMA by Diem and certain of its subsidiaries (the “Entity Guarantors”) and key individuals (the “Individual Guarantors”); (ii) liens over all of the assets of the Entity Guarantors; and (iii) pledges by the Entity Guarantors and Individual Guarantors of all equity interests in Diem and/or its subsidiaries.

During the period ended October 31, 2018, and pursuant to the Funding, the Company entered into a promissory note (“Promissory Note”) agreement with TDMA for \$434,933 (USD \$334,190) (July 31, 2018 - \$Nil) as a working capital advance for identification and negotiation of the purchase agreements for the Site and Dispensaries. The Promissory Note bears interest of 10% per annum and is due on February 28, 2021, unless earlier satisfied as described below.

Once the Site and Dispensaries are operational and the Leases have been entered into, the Promissory Note and all subsequently issued promissory notes (including interest accrued thereon) will be deemed satisfied in full.

As at October 31, 2018 and July 31, 2018 the amount of Funds advanced were as follows:

	October 31, 2018
	\$
Opening balance, October 31, 2017 and August 1, 2018	-
Funds advanced	434,933
Interest	1,925
Foreign exchange	4,260
Ending balance, October 31, 2018	441,118

TIDAL ROYALTY CORP.

Notes to Condensed Interim Consolidated Financial Statements

Period ended October 31, 2018 and 2017

(Expressed in Canadian dollars)

(Unaudited – prepared by management)

5. Prepaid Expenses and Deposits

	October 31, 2018	July 31, 2018
	\$	\$
Insurance	51,732	72,621
Advertising and promotion	57,672	89,894
Consulting	238,202	322,891
Other deposits	27,967	46,453
	375,573	531,859

6. Investment Deposit

On November 18, 2018 the Company entered into a non-binding memorandum of understanding ("MOU") with FLRish, Inc., the parent company of Harborside. Pursuant to the terms of the MOU with FLRish, Inc., the Company has agreed to provide up to US\$10 million in royalty financing to prospective dispensary operators licensing the 'Harborside' brand. Each potential dispensary financing transaction will be assessed by the Company on a case-by-case basis and will be subject to the satisfactory completion of due diligence by the Company and the consummation of definitive documentation with the prospective dispensary operator.

In addition, the Company purchased \$3,000,000 of senior unsecured convertible debenture units ("Units") of FLRish, Inc. Each Unit is comprised of: (A) one 12% unsecured convertible debenture, convertible into common shares of Harborside; (i) at the option of the holder at any time prior to the last business day immediately preceding the third anniversary date of the closing; and (ii) automatically upon a Harborside going-public transaction, at a conversion price equal to the lower of (i) \$6.90; and (ii) a 10% discount to the price of the common shares of Harborside as part of a qualifying transaction; and (B) 87 common share purchase warrants exercisable for a period of two years following the closing into common shares of Harborside at an exercise price of \$8.60 (subject to acceleration in the event of a "going public transaction").

7. Accounts Payable and Accrued Liabilities

	October 31, 2018	July 31, 2018
	\$	\$
Trade payables	109,982	235,357
Accrued liabilities	23,935	76,000
	113,917	311,357

8. Related Party Transactions and Balances

The Company has identified its directors and certain senior officers as its key management personnel.

During the year, the Company entered into transactions with related parties comprised of directors, officers and companies with common directors. The key management compensation and director fees consist of the following for the period ended October 31, 2018 and 2017:

	2018	2017
Consulting fees paid or accrued to companies controlled by the CFO	\$21,000	\$16,935
Consulting fees paid or accrued to the former corporate secretary	2,000	12,000
Consulting fees paid or accrued to the former VP Strategy	31,250	-
Salaries and benefits paid to the president	75,000	-
Salaries and benefits paid to the CEO	43,750	-
Share based compensation	334,859	-
Total	\$507,859	\$29,935

TIDAL ROYALTY CORP.

Notes to Condensed Interim Consolidated Financial Statements

Period ended October 31, 2018 and 2017

(Expressed in Canadian dollars)

(Unaudited – prepared by management)

8. Related Party Transactions and Balances (continued)

The amounts due to related parties is \$7,935 (July 31, 2018 - \$22,766). Amounts due to related parties are unsecured, non-interest bearing and due on demand.

9. Loans Payable

As at October 31, 2018 and July 31, 2018, the Company had one loan payable of \$10,000. The loan is unsecured, non-interest bearing and due on demand.

10. Share Capital**Authorized**

Unlimited number of common shares without par value, and unlimited number of Series 1 Convertible Preferred shares without par value, participating, each share convertible into one common share, and non-voting.

Issued and Outstanding

As at October 31, 2018, there were 80,000,000 Series 1 Convertible Preferred Shares and 259,797,662 common shares issued and outstanding.

Convertible Preferred Shares

On May 25, 2018, the Company issued 40,000,000 units in the capital of the Company at a price of \$0.05 per unit for gross proceeds of \$2,000,000. Each unit consists of one Series 1 Convertible Preferred share (a "Preferred Share") and one preferred share purchase warrant; each warrant (a "Warrant") is exercisable by the holder to acquire one additional Preferred Share in the capital of the Company at a price of \$0.05 for a period of 24 months following the issuance date.

During the period ended October 31, 2018, the Company issued 40,000,000 Series 1 Convertible Preferred shares pursuant to the exercise of 40,000,000 of Preferred Share warrants. The Company received the proceeds during the year ended July 31, 2018. The Company reclassified \$2,000,000 from preferred share issuable to preferred shares issued.

A total of 4,000,000 special finders' warrants as finder's fees to the May 25, 2018 issuance were granted with a fair value of \$141,440. As at July 31, 2018, 4,000,000 of these special warrants were outstanding. Each special finders warrant entitled the holder to receive, without payment of any additional consideration or need for further action, one unit of the Company, each unit comprising of one common share and one common share purchase warrant on September 26, 2018.

Each share purchase warrant is exercisable by the holder to acquire one additional common share in the capital of the Company at a price of \$0.05 for a period of 24 months following the issuance date of the convertible preferred share units. Accordingly these special purchase warrants are presented as an addition to warrant reserves on the Statement of Equity. The special finder's warrants were converted into an equivalent number of units in the capital of the Company on September 26, 2018.

During the period ended October 31, 2017, there were no issuances of preferred shares.

TIDAL ROYALTY CORP.

Notes to Condensed Interim Consolidated Financial Statements

Period ended October 31, 2018 and 2017

(Expressed in Canadian dollars)

(Unaudited – prepared by management)

10. Share Capital (Continued)Common Shares

During the period ended October 31, 2018, the Company issued 14,100,000 common shares pursuant to the exercise of 14,100,000 warrants for gross proceeds of \$705,000.

On September 26, 2018, the Company converted 4,000,000 special finder's warrants issued on May 25, 2018 into an equivalent number of units in the capital of the Company. Each unit consists of one common share and one share purchase warrant; each warrant entitling the holder to acquire one additional share at \$0.05 for a period of 24 months. The fair value of \$141,440 was determined using the Black Scholes Option Pricing Model with the following assumptions: stock price - \$0.05; exercise price - \$0.05; expected life - 2 years; volatility - 147%; dividend yield - \$0; and risk-free rate - 1.96%.

On April 30, 2018, the Company completed a non-brokered private placement, of 12,690,000 special warrants of the Company at a price of \$0.05 per special warrant for gross proceeds of \$634,500. Each special warrant entitled the holder to receive, without payment of any additional consideration or need for further action, one unit of the Company, each unit comprising of one common share and one share purchase warrant; each warrant entitling the holder to acquire one additional share at \$0.05 for a period of 24 months. An additional 1,220,000 special warrants were issued as finders' fees with the same terms as the special warrants received pursuant to the private placement. The estimated fair value of the finder's warrants \$61,000 was charged to warrant issue costs.

On August 31, 2018, the Company converted 12,690,000 special warrants and 1,220,000 special finders' warrants issued on April 26, 2018 into an equivalent number of units in the capital of the Company. Each unit consists of one common share and one share purchase warrant; each warrant entitling the holder to acquire one additional share at \$0.05 for a period of 24 months.

During the period ended October 31, 2017, there were no issuances of common shares.

Stock Options

Under the Company's stock option plan (the "Plan") the Company has adopted a 10% rolling stock option plan ("Plan") to replace its previous 20% fixed plan, which was approved by shareholders at the Company's annual general meeting held on December 6, 2018. The Plan provides that the Board may from time to time, in its discretion, grant to directors, officers, employees, technical consultants and other participants to the Company, non-transferrable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the Company's issued and outstanding common shares. Such options will be exercisable for a period of up to ten years from the date of grant. In addition, the number of common shares which may be issuable under the Plan within a one year period: (i) to any one individual shall not exceed 5% of the issued and outstanding common shares; and (ii) to a consultant or an employee performing investor relations activities, shall not exceed 2% of the issued and outstanding common shares. The underlying purpose of the Plan is to attract and motivate the directors, officers, employees and consultants of the Company and to advance the interests of the Company by affording such persons with the opportunity to acquire an equity interest in the Company through rights granted under the Plan.

On June 22, 2018, the Company granted 16,468,727 stock options to various directors, officers and consultants of the Company with an exercise price of \$0.33 with a term of 5 years. 9,981,227 of the stock options vested immediately, with the remainder vesting 12.5% every 3 months. During the three-month period ended October 31, 2018, 812,500 additional options vested. During the three-month period ended October 31, 2018, the Company recognized \$537,428 in share-based compensation expense related to these stock options.

On August 16, 2018, the Company granted 1,000,000 stock options to an employee of the Company with an exercise price of \$0.73 with a term of 5 years. The options vest 12.5% every 3 months. The estimated fair value of the stock options was \$408,596, measured using the Black-Scholes Option Pricing Model with the following assumptions: stock price - \$0.74; exercise price - \$0.73; expected life - 5 years; volatility - 147%; dividend yield - \$0; and risk-free rate - 2.18%. During the period ended October 31, 2018, the Company recognized \$126,502 in share-based compensation expense related to these stock options.

TIDAL ROYALTY CORP.

Notes to Condensed Interim Consolidated Financial Statements

Period ended October 31, 2018 and 2017

(Expressed in Canadian dollars)

(Unaudited – prepared by management)

10. Share Capital (continued)

Stock Options (continued)

On September 24, 2018, the Company granted 100,000 stock options to a consultants of the Company with an exercise price of \$0.31 with a term of 2 years. The options vest 12.5% every 3 months. The estimated fair value of the stock options was \$9,576, measured using the Black-Scholes Option Pricing Model with the following assumptions: stock price - \$0.24; exercise price - \$0.31; expected life - 2 years, volatility - 147%, dividend yield - \$0; and risk-free rate - 2.13%. During the period ended October 31, 2018, the Company recognized \$2,159 in share-based compensation expense related to these stock options.

As at October 31, 2018, the outstanding and exercisable stock options are as follows:

	Options outstanding	Weighted average exercise price \$
Balance, July 31, 2017	-	-
Issued	16,468,727	0.33
Balance, July 31, 2018	16,468,727	0.33
Cancelled	(10,000)	(0.33)
Issued	1,100,000	0.69
Balance, October 31, 2018	17,588,727	0.35

As of October 31, 2018, the Company had options outstanding and exercisable to acquire common shares of the Company as follows:

Expiry Date	Exercise price	Number of options outstanding	October 31, 2018 - number of options exercisable	July 31, 2018 - number of options exercisable
June 22, 2023	\$ 0.33	16,458,727	10,783,727	9,981,227
August 23, 2023	0.73	1,000,000	-	-
September 13, 2020	0.31	100,000	-	-
		17,558,727	10,783,727	9,981,227

Special Warrants

On April 30, 2018, the Company completed a non-brokered private placement, of 12,690,000 special warrants of the Company at a price of \$0.05 per special warrant for gross proceeds of \$634,500. Each special warrant entitled the holder to receive, without payment of any additional consideration or need for further action, one unit of the Company, each unit comprising of one common share and one share purchase warrant; each warrant entitling the holder to acquire one additional share at \$0.05 for a period of 24 months. An additional 1,220,000 special warrants were issued as finders' fees with the same terms as the special warrants received pursuant to the private placement. The estimated fair value of the finder's warrants \$61,000 was charged to warrant issue costs. On August 31, 2018, the Company converted the special warrants and special finders' warrants into an equivalent number of units in the capital of the Company. As at October 31, 2018, a total of \$695,500 has been reclassified warrant reserve to share capital in relation to these special warrants.

As of October 31, 2017, the Company did not have any special warrants issued or outstanding.

TIDAL ROYALTY CORP.

Notes to Condensed Interim Consolidated Financial Statements

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(Expressed in Canadian dollars)

(Unaudited – prepared by management)

10. Share Capital (continued)**Common Share Purchase Warrants**

The continuity of the Company's share purchase warrants pursuant to the special warrants is as follows:

	Number of share purchase warrants #	Weighted average exercise price \$
Outstanding, July 31, 2016 and 2017	-	-
Issued	125,539,000	0.05
Exercised	(5,050,000)	0.05
Outstanding, July 31, 2018	120,489,000	0.05
Issued	16,690,000	0.05
Exercised	(14,100,000)	0.05
Outstanding, October 31, 2018	123,079,000	0.05

As of October 31, 2018, the Company had share purchase warrants outstanding and exercisable to acquire common shares of the Company as follows:

Expiry Date	Exercise price \$	Number of warrants #
February 8, 2020	0.05	58,277,000
March 1, 2020	0.05	50,112,000
April 30, 2020	0.05	14,690,000
		123,079,000

As at October 31, 2018, the outstanding warrants have a weighted average remaining contractual life of 1.61 years. The number of exercisable warrants is 123,079,000.

Finders' Warrants

A continuity schedule of the Company's outstanding finders' warrants is as follows:

	Number of share purchase warrants #	Weighted average exercise price \$
Outstanding, July 31, 2016 and 2017	-	\$ -
Issued	5,182,365	0.33
Outstanding, July 31, 2018 and October 31, 2018	5,182,365	\$ 0.33

As at October 31, 2018, the outstanding finder's warrants expire on June 11, 2020 and have a weighted average remaining contractual life of 1.61 years. The number of exercisable finders' warrants is 5,182,365.

TIDAL ROYALTY CORP.

Notes to Condensed Interim Consolidated Financial Statements

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(Expressed in Canadian dollars)

(Unaudited – prepared by management)

11. Financial Instruments and Risks**(a) Fair Values**

The Company applied the following fair value hierarchy which prioritizes the inputs used in the valuation methodologies in measuring fair value into three levels. The three levels are defined as follows:

- a) Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- b) Level 2 – Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
- c) Level 3 – Input for assets or liabilities that are not based on observable market data.

Assets and liabilities are classified in entirety based on the lowest level of input that is significant to the fair measurement. The Company's financial assets measured on a recurring basis at fair value are as follows:

October 31, 2018				
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash and cash equivalents	27,900,288	-	-	27,900,288

July 31, 2018				
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash and cash equivalents	33,904,759	-	-	33,904,759

(b) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's maximum credit risk is limited by its liquidity.

The Company deposits the majority of its cash with high credit quality financial institutions in Canada. Therefore, management considers its exposure to credit risk arising from its cash to be minimal. Credit risk with respect to receivables has been assessed as low by management as the majority of receivables are government input tax credits refundable.

(c) Foreign Exchange Rate and Interest Rate RiskForeign exchange rate

Foreign currency risk is limited to the portion of the Company's business transactions denominated in currencies other than the Canadian dollar. The Company has not entered into any foreign currency contracts to mitigate this risk, but manages the risk by minimizing the value of financial instruments denominated in foreign currency. At October 31, 2018, the Company has cash of \$16,987,298 and accounts payable of \$2,565 denominated in the United States dollar. A 10% change in the US dollar to the Canadian dollar exchange rate would impact the Company's net loss by approximately \$1,724,000.

TIDAL ROYALTY CORP.

Notes to Condensed Interim Consolidated Financial Statements

Period ended October 31, 2018 and 2017

(Expressed in Canadian dollars)

(Unaudited – prepared by management)

11. Financial Instruments and Risks (Continued)Interest rate risk

Interest rate risk consists of two components:

- i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
- ii) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company is not exposed to any significant interest rate risk. The Promissory Note receivable is at fixed interest rates.

(d) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations using cash. The ability to do this relies on the Company raising equity financing in a timely manner. The Company manages liquidity risk through the management of its capital structure and financial leverage as outlined in Note 11.

The following are contractual maturities of financial liabilities as at October 31, 2018:

	Carrying amount	Contractual cash flows	Within 1 year	Within 2 years
Accounts payable	\$ 133,917	\$ 133,917	\$ 133,917	\$ -
Due to related parties	7,935	7,935	7,935	-
Loans payable	10,000	10,000	10,000	-

The following are contractual maturities of financial liabilities as at July 31, 2018:

	Carrying amount	Contractual cash flows	Within 1 year	Within 2 years
Accounts payable	\$ 235,357	\$ 235,357	\$ 235,357	\$ -
Due to related parties	18,685	18,685	18,685	-
Loans payable	10,000	10,000	10,000	-

TIDAL ROYALTY CORP.

Notes to Condensed Interim Consolidated Financial Statements

Period ended October 31, 2018 and 2017

(Expressed in Canadian dollars)

(Unaudited – prepared by management)

12. Capital Management

The Company's objectives when managing capital are to identify and pursue business opportunities, to maintain financial strength, to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. The Company does not have any externally imposed capital requirements to which it is subject. The Company's principal source of funds is through the issuance of equity. Management considers all components of shareholders' equity as capital.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares while minimizing dilution for its existing shareholders.

The Company's investment policy is to invest its cash in financial instruments in high credit quality financial institutions with terms to maturity selected to match the expected timing of expenditures to continue operations.

The Company's overall strategy with respect to capital risk management remains unchanged from the year ended July 31, 2018 and the period ended October 31, 2018.

13. Segment Information

The Company currently operates in a single reportable operating segment.

As at October 31, 2018, the Company operated in two geographical areas being Canada and the United States of America.

	Canada	USA	Total
Revenue	-	-	-
Current Assets	\$28,454,066	\$3,441,118	\$31,895,184
Non-Current Assets	-	-	-

14. Commitment

During the year ended July 31, 2018, the Company entered into an office lease. The lease expires on September 2, 2020 and has the following estimated annual payments:

	\$
2019	193,081
2020	300,348
	493,429

TIDAL ROYALTY CORP.

Notes to Condensed Interim Consolidated Financial Statements

Period ended October 31, 2018 and 2017

*(Expressed in Canadian dollars)**(Unaudited – prepared by management)*

15. Subsequent Events

On November 5, 2018, the Company entered into a binding letter of intent with Lighthouse Strategies LLC ("Lighthouse") to make subscription, by way of private placement, for US \$5,000,000 of Lighthouse's Series A membership units.

Lighthouse is a finance, research & technology, and portfolio management company. It operates 11 companies and 150,000 ft² serving both traditional and regulated markets, including vertically integrated cannabis assets licensed in California and Nevada. Lighthouse is renowned for developing the world's first non-alcoholic cannabis-infused craft beer and liquor brand. Cannabiniers, a Lighthouse company, debuted Two Roots Brewing Co. in Las Vegas, Nevada earlier this year. The closing of the transaction is subject to, among other things, the satisfactory completion of due diligence and the receipt of all corporate and regulatory approvals.

On December 12, 2018 the Company has granted, in aggregate, 5,750,000 incentive stock options (the "Options"), to various directors, officers and consultants of the Company. The Options are exercisable at a price of \$0.115 per Common share for a term of five years expiring on December 12, 2023.

Form 52-109FV2
Certification of interim filings - venture issuer basic certificate

I, **Paul Rosen, Chief Executive Officer of Tidal Royalty Corp.**, certify the following:

1. **Review:** I have reviewed the interim financial report and interim MD&A (together, the “interim filings”) of **Tidal Royalty Corp.** (the “issuer”) for the interim period ended **October 31, 2018**.
2. **No misrepresentations:** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.
3. **Fair presentation:** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

Date: **December 19, 2018**.

“Paul Rosen”
 Paul Rosen
 Chief Executive Officer

NOTE TO READER

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (NI 52-109), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Form 52-109FV2
Certification of interim filings - venture issuer basic certificate

I, **Theo van der Linde**, Chief Financial Officer of **Tidal Royalty Corp.**, certify the following:

1. **Review:** I have reviewed the interim financial report and interim MD&A (together, the "interim filings") of **Tidal Royalty Corp.** (the "issuer") for the interim period ended **October 31, 2018**.
2. **No misrepresentations:** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.
3. **Fair presentation:** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

Date: **December 19, 2018**

"Theo van der Linde"

Theo van der Linde
 Chief Financial Officer

NOTE TO READER

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (NI 52-109), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.



Tidal Royalty has Rectified Securities and Exchange Act Filing Deficiencies and Expects to Resume Trading on the OTC Markets Promptly Following Approval from FINRA

Toronto, Ontario – January 7, 2019. Tidal Royalty Corp. (CSE: RLTY.U) (“Tidal Royalty” or the “Company”), a leading provider of royalty financing to licensed U.S. cannabis operators, is pleased to report that Tidal Royalty’s registration statement on Form 20-F is now effective in the United States and a Form 211 application for a quotation on OTC Markets has been filed with the Financial Industry Regulatory Authority (“FINRA”), which regulates the OTC Markets.

On December 21, 2018, the Company was advised by letter by the Securities and Exchange Commission (the “SEC”) that the SEC had completed its review of Tidal Royalty’s registration statement on Form 20-F, which has become effective.

The effectiveness of the registration statement on Form 20-F rectifies the filing deficiencies of Tidal Royalty’s predecessor entity, subjects Tidal Royalty to continuous disclosure requirements in the United States, and will permit FINRA to reinstate Tidal Royalty’s eligibility for quotation on the OTC Markets.

Tidal Royalty is now working with a broker-dealer and FINRA to reinstate Tidal Royalty’s quotation on the OTC Markets, and a Form 211 application was filed with FINRA today. Tidal Royalty expects to resume trading on the OTC Markets promptly following approval from FINRA.

The Company filed its initial registration statement on Form 20-F on October 17, 2018, Amendment No. 1 to the registration statement on Form 20-F on November 29, 2018 and Amendment No. 2 to the registration statement on Form 20-F on December 18, 2018. A copy of each of these filings is available on SEDAR at www.sedar.com and on EDGAR at www.sec.gov.

Shareholders seeking to trade their shares of Tidal Royalty may do so over the Canadian Securities Exchange (“CSE”). The CSE publishes a directory of dealers who have access to the trading facilities of the CSE on their website, which is available at <https://thecse.com/en/trading/dealer-directory>.

Background

Further to Tidal Royalty’s press release dated September 11, 2018, the OTC Markets ceased listing Tidal Royalty’s common shares under the symbol “TDRYF” as a result of an October 12, 2010 order issued by the SEC revoking the registration of the common shares of a predecessor company to Tidal Royalty, Elkhorn Gold Mining Corp. (“Elkhorn”), for filing deficiencies pursuant to Section 12(j) of the Securities Exchange Act of 1934 (the “Exchange Act”). As a result, broker-dealers in the United States are currently unable to effect transactions in the United States markets under the trading symbol TDRYF. Tidal Royalty’s common shares continue to trade publicly on the CSE under the symbol RLTY.U. The effectiveness of the registration statement on Form 20-F rectifies such filing deficiencies and should facilitate the quotation of Tidal Royalty common stock on the OTC Markets.

About Tidal Royalty

Tidal Royalty provides royalty financing to the United States regulated cannabis industry. Led by an executive team with extensive industry experience in Canada and the United States, Tidal Royalty provides



operators with the funding they need to grow their business. Operators benefit from non-dilutive capital and investors get top-line access to a diversified portfolio of companies that will form the future of this transformative industry.

For further information, please contact:

Tidal Royalty Corp.

Terry Taouss, President

Email: terry@tidalroyalty.com

This news release contains certain "forward-looking information" that involve a number of risks and uncertainties. Forward-looking information is frequently characterized by words such as "hope", "plan", "continue", "expect", "project", "intend", "believe", "anticipate", "estimate", "may", "will", "potential", "proposed" and other similar words, or information that certain events or conditions "may" or "will" occur. Readers are cautioned that forward-looking information contained in this news release is not based on historical facts but instead is based on reasonable assumptions and estimates of management. Forward-looking information contained in this news release includes, but is not limited to: the restoration of trading of Tidal Royalty's common shares on OTC Markets, the timing for the restoration of trading of Tidal Royalty's common shares on OTC Markets, the causes underlying OTC Markets no longer listing Tidal Royalty's common shares under the symbol "TDRYF" and the ability of Tidal Royalty to generate revenue or realize profit through royalty agreements or equity investments with any future investee companies. Forward-looking information contained herein is based on the opinions and reasonable assumptions and estimates of management as at the date hereof and is subject to a variety of known and unknown risks and uncertainties and other factors, many of which are beyond the control of Tidal Royalty, that could cause actual events or results of Tidal Royalty to differ materially from those expressed or implied in the forward-looking information. Such factors include: delays with FINRA's review and approval of the Form 211 application, the nature and extent of regulatory oversight of the SEC, speed of the interactions between the applicable U.S. regulatory authorities, the U.S. regulatory landscape and enforcement related to cannabis, including political risks and risks relating to regulatory change, risks relating to anti-money laundering laws and regulation, other governmental and environmental regulation, public opinion and perception of the cannabis industry, risks related to the enforceability of contracts, the requirement by Tidal Royalty to obtain additional financing, the limited operating history of Tidal Royalty, timeliness of government approvals for granting of permits and licences needed by any future investee companies, including licences to cultivate cannabis, the actual operating and financial performance of any future investee company, competition and other risks affecting Tidal Royalty in particular and the U.S. cannabis industry generally, and the risk factors effecting Tidal Royalty disclosed in the listing statement of Tidal Royalty available at www.sedar.com, the registration statement of Tidal Royalty available at www.sec.gov and in periodic securities filings with the SEC and Canadian securities commissions. Because of such risks, uncertainties and other factors, investors should not place undue reliance on the forward-looking information contained herein. Tidal Royalty is under no obligation, and expressly disclaims any intention or obligation, to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as expressly required by applicable law. The foregoing



TIDAL
Royalty
Corporation

statements expressly qualify the forward-looking information contained herein. **This release does not constitute an offer for sale of, nor a solicitation for offers to buy, any securities in the United States.**

Neither the CSE nor its Regulation Services Provider (as that term is defined in the policies of the CSE) accepts responsibility for the adequacy or accuracy of this release.



**Tidal Royalty Completes Lighthouse Strategies
Private Placement and Financing Fee Agreement**

Toronto, Ontario – January 9, 2019. Tidal Royalty Corp. ([CSE: RLTY.U](#)) ("Tidal Royalty"), a leading provider of royalty financing to licensed U.S. cannabis operators, is pleased to announce that, further to its news release dated November 5, 2018, the Company has closed its strategic private placement for US\$5,000,000 of Series A membership units of Lighthouse Strategies, LLC ("Lighthouse") and concurrent financing fee agreement (the "Financing Fee Agreement").

Pursuant to the Financing Fee Agreement, Tidal Royalty is entitled to 1% of the net sales of certain of Lighthouse's beverage lines, including Cannabiniers, Two Roots Brewing Co. and Creative Waters Beverage Company. Financing fees will accrue until December 1, 2019, at which point Tidal Royalty may choose to receive such fees in cash or Series A membership units of Lighthouse. Thereafter, financing fees are payable quarterly in cash. The term of the Financing Fee Agreement is between four and six years, depending on the achievement of certain milestones and includes acceleration provisions in certain events (including a substantial asset divestiture, change of control, or initial public offering).

Lighthouse operates 11 companies and 150,000 ft² serving both traditional and regulated markets, including vertically-integrated cannabis assets licensed in California and Nevada. The company is renowned for developing the world's first non-alcoholic cannabis-infused craft beer and liquor brand. Lighthouse's brands include:

- [Cannabiniers](#): a "Beverage & Technology" company servicing the regulated cannabis markets, offering equipment, financial, distribution and marketing, and brand management services.
- [Two Roots Brewing Co.](#): a microdosed non-alcoholic cannabis-infused craft beer, developed to emulate the rapid onset of alcohol, as well as its rapid dissipation from the body.
- [Just Society Coffee & Tea Co.](#): a combination of responsibly-sourced whole tea leaves and single origin coffee and high-quality cannabis flower to create exhilarating blends that delight the senses. These responsibly-formulated microdosed coffees and teas utilize Lighthouse's rapid onset and dissipation technology.
- [Brewbudz™](#): the world's first 100% compostable and patented line of cannabis-infused single-serve coffee pods that are compatible with all K-Cup® and K-Cup® 2.0 style brewers.
- [Creative Waters Beverage Company](#): a line of non-alcoholic adult beverages crafted to emulate the rapid onset and dissipation of alcohol, and provide an alcohol-like bite in the finish.

"Our enthusiasm for infused beverages has only grown since we initially announced this transaction," said Paul Rosen, Tidal Royalty's CEO and Chairman. "We've seen continued market uptake for this category. We believe that Lighthouse has all the pieces in place to be a market leader in this space."

The cannabis-infused beverage sector experienced significant momentum over the past year. Fortune 500 alcohol company Constellation Brands purchased a controlling interest in Canadian licensed producer Canopy Growth Corporation. Molson Coors Canada entered into a joint venture with licensed producer Hexo Corp. to develop cannabis-infused beverages, while Heineken-owned Lagunitas launched a THC-infused sparkling water in California. Most recently, Anheuser-Busch InBev and Tilray, Inc. announced a \$100MM joint venture to bring infused beverage products to market. The market for cannabis-infused beverages is expected to grow to \$600MM by 2020, according to Canaccord Genuity.

This transaction continues to grow Tidal Royalty's portfolio of licensed cannabis operators. Tidal Royalty is currently in the process of evaluating multiple additional opportunities across the U.S., including in California, New York, Illinois, Ohio, Pennsylvania, Texas and Michigan. Tidal Royalty intends to provide further information on those opportunities when the respective parties reach an agreement and execute letters of intent.

About Tidal Royalty

[Tidal Royalty](#) provides royalty financing to the U.S. regulated cannabis industry. Led by an executive team with extensive industry experience in Canada and the U.S., Tidal Royalty provides operators with the funding they need to grow their business. Operators benefit from non-dilutive capital and investors get top-line access to a diversified portfolio of companies that will form the future of this transformative industry.

For further information, please contact:

Tidal Royalty Corp.
Terry Taouss, President
[Email: terry@tidalroyalty.com](mailto:terry@tidalroyalty.com)

This news release contains certain "forward-looking information" within the meaning of applicable Canadian securities law. Forward-looking information is frequently characterized by words such as "plan", "continue", "expect", "project", "intend", "believe", "anticipate", "estimate", "may", "will", "potential", "proposed" and other similar words, or information that certain events or conditions "may" or "will" occur. Readers are cautioned that forward-looking information contained in this news release is not based on historical facts but instead is based on reasonable assumptions and estimates of management. Forward-looking information contained in this news release includes, but is not limited to: the future prospects of the cannabis-infused beverage industry; the growth and development of Tidal Royalty's portfolio companies and their impact on the revenues of Tidal Royalty; Tidal Royalty's entitlements under the financing arrangement; Tidal Royalty's entitlements as a holder of units in Lighthouse; the ability of Tidal Royalty to enter into additional letters of intent and associated definitive documentation with current or further proposed investee companies, the operating and financial performance of any investee company to be funded by Tidal Royalty from time to time and the ability of Tidal Royalty to generate revenue or realize profit through royalty agreements or equity investments with any future investee companies. Further, this news release contains information provided by third-party sources, including information regarding the properties, characteristics and relative timing of the development of Lighthouse's beverages and topical products, that have not been independently-verified by Tidal Royalty. Forward-looking information contained herein is based on the opinions and reasonable assumptions and estimates of management as at the date hereof and is subject to a variety of known and unknown risks and uncertainties and other factors, many of which are beyond the control of Tidal

Royalty, that could cause actual events or results of Tidal Royalty to differ materially from those expressed or implied in the forward-looking information. Such factors include: the fulfillment by Tidal Royalty's portfolio companies of their obligations under executed agreements; the occurrence of changes of control or other significant transactions in the businesses of Tidal Royalty's portfolio companies; the U.S. regulatory landscape and enforcement related to cannabis, including political risks and risks relating to regulatory change, risks relating to anti-money laundering laws and regulation, other governmental and environmental regulation, public opinion and perception of the cannabis industry, risks related to the enforceability of contracts, the requirement by Tidal Royalty to obtain additional financing, the limited operating history of Tidal Royalty, timeliness of government approvals for granting of permits and licences needed by any future investee companies, including licenses to cultivate cannabis, the actual operating and financial performance of any future investee company, competition and other risks affecting Tidal Royalty in particular and the U.S. cannabis industry generally, and the risk factors effecting Tidal Royalty disclosed in the listing statement of Tidal Royalty available at www.sedar.com. Because of such risks, uncertainties and other factors, investors should not place undue reliance on the forward-looking information contained herein. Tidal Royalty is under no obligation, and expressly disclaims any intention or obligation, to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as expressly required by applicable law. The foregoing statements expressly qualify the forward-looking information contained herein. **This release does not constitute an offer for sale of, nor a solicitation for offers to buy, any securities in the United States.**

Neither the CSE nor its Regulation Services Provider (as that term is defined in the policies of the CSE) accepts responsibility for the adequacy or accuracy of this release.

FORM 5

QUARTERLY LISTING STATEMENT

Name of Listed Issuer: **Tidal Royalty Corp.** (the "Issuer").

Trading Symbol: **RLTY.U**

This Quarterly Listing Statement must be posted on or before the day on which the Issuer's unaudited interim financial statements are to be filed under the *Securities Act*, or, if no interim statements are required to be filed for the quarter, within 60 days of the end of the Issuer's first, second and third fiscal quarters. This statement is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the Exchange Policies. If material information became known and was reported during the preceding quarter to which this statement relates, management is encouraged to also make reference in this statement to the material information, the news release date and the posting date on the Exchange website.

General Instructions

- (a) Prepare this Quarterly Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Listed Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

There are three schedules which must be attached to this report as follows:

SCHEDULE A: FINANCIAL STATEMENTS

Financial statements are required as follows:

For the first, second and third financial quarters interim financial statements prepared in accordance with the requirements under Ontario securities law must be attached.

If the Issuer is exempt from filing certain interim financial statements, give the date of the exempting order.

First Quarter (three month period) ended October 31, 2018.

The unaudited condensed interim financial statements of the Issuer for the three month period ended October 31, 2018, as filed with securities regulatory authorities, are attached to this Form 5 - Quarterly Listing Statement as Appendix A.

SCHEDULE B: SUPPLEMENTARY INFORMATION

The supplementary information set out below must be provided when not included in Schedule A.

1. Related party transactions

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

- (a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.
- (b) A description of the transaction(s), including those for which no amount has been recorded.
- (c) The recorded amount of the transactions classified by financial statement category.
- (d) The amounts due to or from Related Persons and the terms and conditions relating thereto.
- (e) Contractual obligations with Related Persons, separate from other contractual obligations.
- (f) Contingencies involving Related Persons, separate from other contingencies.

With respect to related party transactions for information supplementary to that contained in the notes to the unaudited condensed interim financial statements, which are attached hereto, please refer to Management's Discussion & Analysis for the three month period ended October 31, 2018, as filed with securities regulatory authorities and attached to this Form 5 - Quarterly Listing Statement as Appendix B.

2. Summary of securities issued and options granted during the period.

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

As at June 12, 2018, the date of the Issuer's last Form 2A - Listing Statement, 153,601,392 common shares in the capital of the Issuer were issued and outstanding.

(a) summary of securities issued during the period,

Date of Issue	Type of Security (common shares, convertible debentures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number	Price	Total Proceeds	Type of Consideration (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid
Aug. 13, 2018	Common Shares	Exercise of Warrants	200,000	\$0.05	\$10,000.00	Cash	N/A	N/A
Aug. 15, 2018	Common Shares	Exercise of Warrants	200,000	\$0.05	\$10,000.00	Cash	N/A	N/A
Aug. 31, 2018	Common Shares	Special Warrant Conversion	13,910,000	N/A	N/A	N/A	N/A	N/A
Sept. 5, 2018	Common Shares	Exercise of Warrants	350,000	\$0.05	\$17,500.00	Cash	N/A	N/A
Sept. 7, 2018	Common Shares	Exercise of Warrants	200,000	\$0.05	\$10,000.00	Cash	N/A	N/A
Sept. 10, 2018	Common Shares	Exercise of Warrants	750,000	\$0.05	\$37,500.00	Cash	N/A	N/A
Sept. 12, 2018	Common Shares	Exercise of Warrants	180,000	\$0.05	\$9,000.00	Cash	N/A	N/A
Sept. 14, 2018	Common Shares	Exercise of Warrants	800,000	\$0.05	\$40,000.00	Cash	N/A	N/A
Sept. 21, 2018	Common Shares	Exercise of Warrants	10,000,000	\$0.05	\$500,000.00	Cash	N/A	N/A
Sept. 26, 2018	Common Shares	Special Warrant Conversion	4,000,000	N/A	N/A	N/A	N/A	N/A
Oct. 4, 2018	Common Shares	Exercise of Warrants	20,000	\$0.05	\$1,000.00	Cash	N/A	N/A
Oct. 30, 2018	Common Shares	Exercise of Warrants	400,000	\$0.05	\$20,000.00	Cash	N/A	N/A
Oct. 31, 2018	Common Shares	Exercise of Warrants	1,000,000	\$0.05	\$50,000.00	Cash	N/A	N/A

(b) summary of options granted during the period,

Date	Number	Name of Optionee if Related Person and relationship	Exercise Price	Expiry Date	Market Price on date of Grant
August 15, 2018	1,000,000	Stefania Zilinskas	USD\$0.56	August 7, 2023	USD\$0.54
Sept. 14, 2018	100,000	Al Harrington	USD\$0.24	Sept. 14, 2020	USD\$0.24

FORM 5 – QUARTERLY LISTING STATEMENT

January 2015
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3. Summary of securities as at the end of the reporting period.

Provide the following information in tabular format as at the end of the reporting period:

- (a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,

As at October 31, 2018, the authorized capital of the Issuer consisted of an unlimited number of common shares without par value, and without any special rights or restrictions, of which 259,797,662 common shares were issued and outstanding.

The holders of common shares are entitled to receive notice of and to attend all meetings of the shareholders of the Issuer and are entitled to one vote in respect of each common share held at such meetings. Subject to the rights, if any at the time, of shareholders holding shares with special rights as to dividends (none of which are authorized or outstanding at the date of this Quarterly Listing Statement), holders of common shares of the Issuer are entitled to dividends as and when declared by the directors. Subject to the rights of holders of any shares ranking in priority to or on a parity with the common shares, the holders of common shares are entitled to participate ratably in any distribution of property or assets upon the liquidation, winding-up or other dissolution of the Issuer.

- (b) number and recorded value for shares issued and outstanding,

Date	Share Class	Number of Shares	Recorded value of shares
October 31, 2018	Common	259,797,662	\$46,974,513

- (c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and

Options:

Options to purchase common shares in the capital of the Issuer are granted by the Issuer's Board of Directors to eligible persons pursuant to the Issuer's Stock Option Incentive Plan.

As at October 31, 2018, the following options were outstanding entitling holders to purchase common shares in the capital of the Issuer as summarized below:

Date of Grant	Number of Options	Exercise Price	Expiry Date
June 22, 2018	16,458,727	\$0.33	June 22, 2023
August 15, 2018	1,000,000	USD\$0.56	August 7, 2023
September 14, 2018	100,000	USD\$0.24	September 14, 2020
TOTAL	17,558,727		

Warrants:

As at October 31, 2018, the following warrants were outstanding entitling holders to purchase common shares in the capital of the Issuer as summarized below:

Date of Issue	Number of Warrants	Exercise Price	Expiry Date
June 8, 2018	58,277,000	\$0.05	February 8, 2020
July 1, 2018	50,112,000	\$0.05	March 1, 2020
August 31, 2018	14,690,000	\$0.05	April 30, 2020
June 12, 2018	5,182,365	\$0.33	June 11, 2020
TOTAL	128,261,365		

Convertible Securities

As at October 31, 2018, there were 80,000,000 Series 1 convertible preferred shares (each a "Preferred Share") issued and outstanding. The Preferred Shares have the following rights and restrictions: (i) they are non-voting; (ii) they are convertible into common shares on a one-for-one basis, subject to customary adjustments; (iii) they are eligible to participate in dividends if and when declared on the common shares; (iv) they have priority rights on liquidation; and (v) they are subject to a restriction that no holder of the Preferred Shares may convert into a number of common shares that would result in such holder beneficially owning greater than 9.99% of the common shares.

- (d) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

As at October 31, 2018, there were 14,400,000 common shares subject

to escrow.

4. List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.

Name of Director/Officer	Position with Issuer
Paul Rosen	Chairman, CEO and Director
Terry Taouss	President
Theo van der Linde	CFO and Director
Stuart Wooldridge	Director
Brian Penny	Director
Brendan Purdy	Director

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

Provide Interim MD&A if required by applicable securities legislation.

Management's Discussion & Analysis for the three month period ended October 31, 2018, as filed with securities regulatory authorities, is attached to this Form 5 - Quarterly Listing Statement as Schedule B.

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated December 18, 2018.

Theo van der Linde

Name of Director or Senior Officer

"Theo van der Linde"

Signature

Chief Financial Officer

Official Capacity

Issuer Details Name of Issuer		For Quarter Ended	Date of Report YY/MM/D
Tidal Royalty Corp.		October 31, 2018	2018/12/18
Issuer Address			
789 West Pender Street, Suite 810			
City/Province/Postal Code		Issuer Fax No.	Issuer Telephone No.
Vancouver, British Columbia V6C 1H2			(604) 687-2038
Contact Name		Contact Position	Contact Telephone No.
Theo van der Linde		CFO	(604) 687-2038
Contact Email Address		Web Site Address	
theo@pashleth.com		N/A	

APPENDIX A

TIDAL ROYALTY CORP.

**Unaudited condensed interim financial statements
for the three month period ended October 31, 2018**



**Condensed Interim Consolidated Financial
Statements**

Period ended October 31, 2018 and 2017

(Expressed in Canadian dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the condensed interim consolidated financial statements.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of condensed interim consolidated financial statements by an entity's auditor.

TIDAL ROYALTY CORP.

Condensed Interim Consolidated Statements of Financial Position

*(Expressed in Canadian dollars)**(Unaudited – prepared by management)*

As at	Note	October 31, 2018 \$	July 31, 2018 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		27,900,288	33,904,759
Sales tax receivable		178,205	129,415
Promissory note receivable	4	441,118	-
Investment deposit	5	3,000,000	-
Prepaid expenses and deposits	6	375,573	531,859
TOTAL ASSETS		31,895,184	34,566,033
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	7	133,917	311,357
Due to related parties	8	7,935	18,685
Loans payable	9	10,000	10,000
TOTAL CURRENT LIABILITIES		151,852	340,042
EQUITY			
Convertible preferred shares	10	3,754,721	1,754,721
Convertible preferred shares issuable	10	-	2,000,000
Common shares	10	46,974,513	45,432,573
Reserves	10	5,153,165	5,324,016
Accumulated deficit		(24,139,067)	(20,285,319)
		31,743,332	34,225,991
TOTAL LIABILITIES AND EQUITY		31,895,184	34,566,033

Nature of Operations (Note 1)

Commitment (Note 14)

Subsequent events (Note 15)

Approved on behalf of the Board of Directors:

"Brian Penny"

Brian Penny, Director

"Theo van der Linde"

Theo van der Linde, Director

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

TIDAL ROYALTY CORP.

Condensed Interim Consolidated Statements of Comprehensive Loss

*(Expressed in Canadian dollars)**(Unaudited – prepared by management)*

	2018	2017
For the three-month period ended October 31,	\$	\$
Expenses		
Advertising and promotion	2,155,074	-
Consulting fees (Note 8)	242,557	28,935
General and administration	127,596	1,562
Foreign exchange loss	75,222	-
Share-based compensation (Note 10)	666,089	-
Salaries and benefits (Note 8)	258,807	-
Rent (Note 8)	44,752	-
Professional fees	182,884	14,110
Transfer agent and filing fees	46,919	11,470
Travel	56,527	-
	(3,856,427)	(56,077)
Other income		
Interest income	2,679	-
Net loss and comprehensive loss for the period	(3,853,748)	(56,077)
Loss per share, basic and diluted for the period	(0.02)	(0.02)
Weighted average number of common shares outstanding	244,851,218	2,843,636

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

TIDAL ROYALTY CORP.
Condensed Interim Consolidate Statements of Equity (Deficiency)
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

	Number of convertible preferred shares	Convertible preferred shares \$	Convertible preferred shares issuable \$	Number of common shares	Common shares \$	Share-based payment reserve \$	Warrant reserve \$	Total reserves \$	Accumulated deficit \$	Total shareholders' equity (deficiency) \$
Balance, July 31, 2017	-	-	-	2,843,636	12,297,109	27,464	-	27,464	(12,460,230)	(135,657)
Net and comprehensive loss for the period	-	-	-	-	-	-	-	-	(56,077)	(56,077)
Balance, October 31, 2017	-	-	-	2,843,636	12,297,109	27,464	-	27,464	(12,516,307)	(191,734)
Balance, July 31, 2018	40,000,000	1,754,721	2,000,000	227,787,662	45,432,573	3,277,940	2,046,076	5,324,016	(20,285,319)	34,225,991
Conversion of 40,000,000 preferred warrants	40,000,000	2,000,000	(2,000,000)	-	-	-	-	-	-	-
Conversion of special warrants	-	-	-	12,690,000	634,500	-	(634,500)	(634,500)	-	-
Conversion of 4,000,000 preferred finders' warrants	-	-	-	4,000,000	141,440	-	(141,440)	(141,440)	-	-
Conversion of 1,220,000 finders' special warrants	-	-	-	1,220,000	61,000	-	(61,000)	(61,000)	-	-
Proceeds from warrants exercised	-	-	-	14,100,000	705,000	-	-	-	-	705,000
Share-based compensation	-	-	-	-	-	666,089	-	666,089	-	666,089
Net and comprehensive loss for the period	-	-	-	-	-	-	-	-	(3,853,748)	(3,853,748)
Balance, October 31, 2018	80,000,000	3,754,721	-	258,797,662	46,974,513	3,944,029	1,209,136	5,153,165	(24,139,067)	31,743,332

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

TIDAL ROYALTY CORP.

Condensed Interim Consolidated Statements of Cash Flows

*(Expressed in Canadian dollars)**(Unaudited – Prepared by Management)*

For the period ended October 31, 2018	2018	2017
Cash provided by (used in):		
OPERATING ACTIVITIES		
Net loss for the period	\$ (3,853,748)	\$ (56,077)
Items not affecting operating cash:		
Interest income	(1,925)	-
Foreign exchange	(4,260)	-
Share-based payments	666,089	-
	(3,193,844)	(56,077)
Net changes in non-cash working capital:		
Sales tax receivable	(48,790)	(1,438)
Prepaid expense	156,286	1,211
Accounts payables and accrued liabilities	(188,190)	6,011
Cash used in operating activities	(3,274,538)	(50,293)
FINANCING ACTIVITIES		
Loans received	-	40,000
Due to related parties	-	12,647
Proceeds from exercise of common share purchase warrants	705,000	-
Cash provided by financing activities	705,000	52,647
INVESTING ACTIVITIES		
Promissory note receivable	(434,933)	-
Investment Deposit	(3,000,000)	-
Cash used in investing activities	(3,434,933)	-
Increase (decrease) in cash and cash equivalents	(6,004,471)	2,354
Cash and cash equivalents, beginning of the period	33,904,759	20,265
Cash and cash equivalents, end of the period	\$ 27,900,288	\$ 22,619
The components of cash and cash equivalents are:		
Cash at bank	\$ 27,785,288	\$ 22,619
Term deposit	115,000	-
	\$ 27,900,288	\$ 22,619
Non-cash Financing Activities		
Conversion of special warrants	\$ 836,940	\$ -

The accompanying notes are an integral part of these financial statements

TIDAL ROYALTY CORP.

Notes to Condensed Interim Consolidated Financial Statements

Period ended October 31, 2018 and 2017

(Expressed in Canadian dollars)

(Unaudited – prepared by management)

1. Nature of Operations

Tidal Royalty Corp. was incorporated under the laws of British Columbia as Tremineo Resources Ltd. on March 12, 1980. The name was changed to Elkhorn Gold Mining Corporation on February 8, 1999 and to Tulloch Resources Ltd. on October 12, 2011 and to Tidal Royalty Corp. on July 18, 2017. The Company is a life sciences company with a focus on financing businesses that pertain in any way to cannabis which is carried out in compliance with applicable U.S. state laws ("legal cannabis industry"). The Company anticipates entering into financing arrangements involving royalties, debt and other forms of investments in private and public companies in the US legal cannabis industry. The Company is a reporting issuer in the provinces of British Columbia and Ontario and on June 25, 2018, the Company's shares commenced trading on the CSE under the trading symbol "RLTY".

The head office and records office of the Company are located at Suite 810, 789 West Pender Street, Vancouver, British Columbia, V6C 1H2. The principal place of business of the Company is 161 Bay St., Suite 4010, Toronto ON, M5J 2S1.

The Company's business objective is to provide capital solutions to companies in the legal cannabis industry with large-scale potential and a highly-skilled and experienced management team, in exchange for a royalty. The Company is actively pursuing opportunities to provide expansion capital to licensed, qualified operators across multiple industry verticals, including cultivation, processing, and distribution. An investment in Tidal Royalty will allow shareholders to participate in the broader US cannabis market's growth while diversifying against specific operational risks.

2. Basis of Preparation and Statement of Compliance

Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and in accordance with IAS 34 – Interim Financial Reporting. The condensed interim consolidated financial statements do not include all the information required for annual financial statements and should be read in conjunction with the Company's audited financial statements for the year ended July 31, 2018. These condensed interim consolidated financial statements have been prepared following the same accounting policies as the Company's audited financial statements for the year ended July 31, 2018.

The condensed interim consolidated financial statements were approved and authorized for issuance by the Board of Directors on December 18, 2018.

These condensed interim consolidated financial statements have been prepared on the accrual basis and are based on historical costs, modified where applicable. The condensed interim consolidated financial statements are presented in Canadian dollars unless otherwise noted.

Basis of Presentation

The condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial assets that are measured at fair value. All dollar amounts presented are in Canadian dollars unless otherwise specified.

Functional and Presentation Currency

These financial statements are presented in Canadian dollars. The functional currency of each entity is determined using the currency of the primary economic environment in which the entity operates. The Company's functional currency, as determined by management, is the Canadian dollar. The Company's subsidiaries functional currency, as determined by management, is the United States dollar.

TIDAL ROYALTY CORP.

Notes to Condensed Interim Consolidated Financial Statements

Period ended October 31, 2018 and 2017

(Expressed in Canadian dollars)

(Unaudited – prepared by management)

2. Basis of Preparation and Statement of Compliance (Continued)Basis of Consolidation

During the period ended October 31, 2018, the Company incorporated several subsidiaries. As of the date of these condensed interim consolidated financial statements, the Company's structure is represented by Tidal Royalty Corp., parent company incorporated pursuant to the provision of the Business Corporations Act (British Columbia), and the following subsidiaries:

Name	Functional Currency	Place of Incorporation	Interest
RLTY USA Corp.	US Dollar	Delaware, USA	100%
RLTY Equipment CA 1 LLC	US Dollar	Delaware, USA	100%
RLTY Development MA1 LLC	US Dollar	Delaware, USA	100%
RLTY Development NV 1 LLC	US Dollar	Delaware, USA	100%
RLTY Service LLC	US Dollar	Delaware, USA	100%

These condensed consolidated interim financial statements include the accounts of the Company and its controlled entities. Control is achieved when the Company has the power to govern the financial operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases. All inter-company transactions, balances, income and expenses are eliminated in full upon consolidation.

Use of Estimates and Judgments

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions about the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and the results of operations. Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i) Share-based payment transactions

Management uses the Black-Scholes pricing model to determine the fair value of stock options and standalone share purchase warrants issued. This model requires assumptions of the expected future price volatility of the Company's common shares, expected life of options and warrants, future risk-free interest rates and the dividend yield of the Company's common shares.

ii) Income taxes

Management exercises judgment to determine the extent to which deferred tax assets are recoverable, and can therefore be recognized in the statements of financial position and comprehensive income or loss.

TIDAL ROYALTY CORP.

Notes to Condensed Interim Consolidated Financial Statements

Period ended October 31, 2018 and 2017

*(Expressed in Canadian dollars)**(Unaudited – prepared by management)***3. Significant Accounting Policies**

In preparing these condensed interim consolidated financial statements, the significant accounting policies and the significant judgments made by management in applying the Company's significant accounting policies and key sources of estimation uncertainty were the same as those that applied to the Company's audited consolidated financial statements for the year ended July 31, 2018, with exception to the new accounting policies adopted by the Company discussed below.

The preparation of condensed consolidated interim financial statements requires that the Company's management make judgments and estimates of effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period. Actual future outcomes could differ from present estimates and judgments, potentially having material future effects on the Company's condensed interim financial statements. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

Change in accounting policies*IFRS 9 – Financial Instruments*

IFRS 9 was issued by the International Accounting Standards Board ("IASB") in November 2009 and October 2010 and will replace IAS 39. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Two measurement categories continue to exist to account for financial liabilities in IFRS 9, FVTPL and amortized cost. Financial liabilities held-for-trading are measured at FVTPL, and all other financial liabilities are measured at amortized cost unless the fair value option is applied. The treatment of embedded derivatives under the new standard is consistent with IAS 39 and is applied to financial liabilities and non-derivative hosts not within the scope of the standard. IFRS 9 introduces an 'expected credit loss' model for the impairment of financial assets. The measurement of the Company's financial assets and liabilities will not significantly change on transition to IFRS 9. Additionally, the Company is exposed to minimal expected credit losses due to the fact that it has an insignificant amount of accounts receivable. The Company has adopted the amendments to IFRS 9 in its financial statements for the annual period beginning on August 1, 2018 with no resulting adjustments.

IFRS 9 – Revenue with Contracts

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It has replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Company has adopted the amendments to IFRS 15 in its financial statements for the annual period beginning on August 1, 2018 with no resulting adjustments.

TIDAL ROYALTY CORP.

Notes to Condensed Interim Consolidated Financial Statements

Period ended October 31, 2018 and 2017

*(Expressed in Canadian dollars)**(Unaudited – prepared by management)***3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

New standards and interpretations not yet adopted Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for future accounting periods with early adoption permitted. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

IFRS 2 Share-based Payment - In November 2016, the IASB has revised IFRS 2 to incorporate amendments issued by the IASB in June 2016. The amendment provide guidance on the accounting for i) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; ii) share-based payment transactions with a net settlement feature for withholding tax obligations and iii) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The amendments are effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The Company does not expect that the new standard will have a significant impact on its financial statements.

Standard is effective for annual periods beginning on or after January 1, 2019:

IFRS 16 Leases - In June 2016, the IASB issued IFRS 16 - Leases. IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, lessees are no longer classifying leases as either operating leases or finance leases as it is required by IAS 17. The standard is effective for annual periods beginning on or after January 1, 2019. The Company does not expect that the new standard will have a significant impact on its financial statements.

TIDAL ROYALTY CORP.

Notes to Condensed Interim Consolidated Financial Statements

Period ended October 31, 2018 and 2017

(Expressed in Canadian dollars)

(Unaudited – prepared by management)

4. Promissory Note Receivable

On August 31, 2018, the Company entered into a definitive agreement with VLF Holdings LLC, an Oregon limited liability company d/b/a Diem Cannabis (“Diem”) to provide TDMA LLC, a Massachusetts subsidiary of Diem (“TDMA”) with up to US\$12.5 million (the “Funding”) over the next three years to develop and operate a large-scale cultivation and processing facility (the “Site”) and up to four dispensaries (the “Dispensaries”).

The Funding will be in the form of (i) promissory notes advanced at various stages of development of operations in the state; and (ii) the purchase price for real property acquisitions with respect to Sites and Dispensaries. Newly-formed subsidiaries of RLTY Development MA 1 LLC will acquire title to the real property purchased in respect of the Site and Dispensary acquisitions and will enter into leases (“Leases”) with TDMA (or its nominee) with respect to their operation. The Leases will be “triple net” and will include payments of (i) annual base rent; (ii) percentage rent calculated as 15% of net sales; and (iii) additional rent relating to the costs of property insurance, real estate taxes and any maintenance and repair.

The Funding will be secured by (i) guarantees of the payment and performance of all obligations of TDMA by Diem and certain of its subsidiaries (the “Entity Guarantors”) and key individuals (the “Individual Guarantors”); (ii) liens over all of the assets of the Entity Guarantors; and (iii) pledges by the Entity Guarantors and Individual Guarantors of all equity interests in Diem and/or its subsidiaries.

During the period ended October 31, 2018, and pursuant to the Funding, the Company entered into a promissory note (“Promissory Note”) agreement with TDMA for \$434,933 (USD \$334,190) (July 31, 2018 - \$Nil) as a working capital advance for identification and negotiation of the purchase agreements for the Site and Dispensaries. The Promissory Note bears interest of 10% per annum and is due on February 28, 2021, unless earlier satisfied as described below.

Once the Site and Dispensaries are operational and the Leases have been entered into, the Promissory Note and all subsequently issued promissory notes (including interest accrued thereon) will be deemed satisfied in full.

As at October 31, 2018 and July 31, 2018 the amount of Funds advanced were as follows:

	October 31, 2018
	\$
Opening balance, October 31, 2017 and August 1, 2018	-
Funds advanced	434,933
Interest	1,925
Foreign exchange	4,260
Ending balance, October 31, 2018	441,118

TIDAL ROYALTY CORP.

Notes to Condensed Interim Consolidated Financial Statements

Period ended October 31, 2018 and 2017

(Expressed in Canadian dollars)

(Unaudited – prepared by management)

5. Prepaid Expenses and Deposits

	October 31, 2018	July 31, 2018
	\$	\$
Insurance	51,732	72,621
Advertising and promotion	57,672	89,894
Consulting	238,202	322,891
Other deposits	27,967	46,453
	<u>375,573</u>	<u>531,859</u>

6. Investment Deposit

On November 18, 2018 the Company entered into a non-binding memorandum of understanding ("MOU") with FLRish, Inc., the parent company of Harborside. Pursuant to the terms of the MOU with FLRish, Inc., the Company has agreed to provide up to US\$10 million in royalty financing to prospective dispensary operators licensing the 'Harborside' brand. Each potential dispensary financing transaction will be assessed by the Company on a case-by-case basis and will be subject to the satisfactory completion of due diligence by the Company and the consummation of definitive documentation with the prospective dispensary operator.

In addition, the Company purchased \$3,000,000 of senior unsecured convertible debenture units ("Units") of FLRish, Inc. Each Unit is comprised of: (A) one 12% unsecured convertible debenture, convertible into common shares of Harborside; (i) at the option of the holder at any time prior to the last business day immediately preceding the third anniversary date of the closing; and (ii) automatically upon a Harborside going-public transaction, at a conversion price equal to the lower of (i) \$6.90; and (ii) a 10% discount to the price of the common shares of Harborside as part of a qualifying transaction; and (B) 87 common share purchase warrants exercisable for a period of two years following the closing into common shares of Harborside at an exercise price of \$8.60 (subject to acceleration in the event of a "going public transaction").

7. Accounts Payable and Accrued Liabilities

	October 31, 2018	July 31, 2018
	\$	\$
Trade payables	109,982	235,357
Accrued liabilities	23,935	76,000
	<u>113,917</u>	<u>311,357</u>

8. Related Party Transactions and Balances

The Company has identified its directors and certain senior officers as its key management personnel.

During the year, the Company entered into transactions with related parties comprised of directors, officers and companies with common directors. The key management compensation and director fees consist of the following for the period ended October 31, 2018 and 2017:

	2018	2017
Consulting fees paid or accrued to companies controlled by the CFO	\$21,000	\$16,935
Consulting fees paid or accrued to the former corporate secretary	2,000	12,000
Consulting fees paid or accrued to the former VP Strategy	31,250	-
Salaries and benefits paid to the president	75,000	-
Salaries and benefits paid to the CEO	43,750	-
Share based compensation	334,859	-
Total	\$507,859	\$29,935

TIDAL ROYALTY CORP.

Notes to Condensed Interim Consolidated Financial Statements

Period ended October 31, 2018 and 2017

(Expressed in Canadian dollars)

(Unaudited – prepared by management)

8. Related Party Transactions and Balances (continued)

The amounts due to related parties is \$7,935 (July 31, 2018 - \$22,766). Amounts due to related parties are unsecured, non-interest bearing and due on demand.

9. Loans Payable

As at October 31, 2018 and July 31, 2018, the Company had one loan payable of \$10,000. The loan is unsecured, non-interest bearing and due on demand.

10. Share Capital**Authorized**

Unlimited number of common shares without par value, and unlimited number of Series 1 Convertible Preferred shares without par value, participating, each share convertible into one common share, and non-voting.

Issued and Outstanding

As at October 31, 2018, there were 80,000,000 Series 1 Convertible Preferred Shares and 259,797,662 common shares issued and outstanding.

Convertible Preferred Shares

On May 25, 2018, the Company issued 40,000,000 units in the capital of the Company at a price of \$0.05 per unit for gross proceeds of \$2,000,000. Each unit consists of one Series 1 Convertible Preferred share (a "Preferred Share") and one preferred share purchase warrant; each warrant (a "Warrant") is exercisable by the holder to acquire one additional Preferred Share in the capital of the Company at a price of \$0.05 for a period of 24 months following the issuance date.

During the period ended October 31, 2018, the Company issued 40,000,000 Series 1 Convertible Preferred shares pursuant to the exercise of 40,000,000 of Preferred Share warrants. The Company received the proceeds during the year ended July 31, 2018. The Company reclassified \$2,000,000 from preferred share issuable to preferred shares issued.

A total of 4,000,000 special finders' warrants as finder's fees to the May 25, 2018 issuance were granted with a fair value of \$141,440. As at July 31, 2018, 4,000,000 of these special warrants were outstanding. Each special finders warrant entitled the holder to receive, without payment of any additional consideration or need for further action, one unit of the Company, each unit comprising of one common share and one common share purchase warrant on September 26, 2018.

Each share purchase warrant is exercisable by the holder to acquire one additional common share in the capital of the Company at a price of \$0.05 for a period of 24 months following the issuance date of the convertible preferred share units. Accordingly these special purchase warrants are presented as an addition to warrant reserves on the Statement of Equity. The special finder's warrants were converted into an equivalent number of units in the capital of the Company on September 26, 2018.

During the period ended October 31, 2017, there were no issuances of preferred shares.

TIDAL ROYALTY CORP.

Notes to Condensed Interim Consolidated Financial Statements

Period ended October 31, 2018 and 2017

(Expressed in Canadian dollars)

(Unaudited – prepared by management)

10. Share Capital (Continued)Common Shares

During the period ended October 31, 2018, the Company issued 14,100,000 common shares pursuant to the exercise of 14,100,000 warrants for gross proceeds of \$705,000.

On September 26, 2018, the Company converted 4,000,000 special finder's warrants issued on May 25, 2018 into an equivalent number of units in the capital of the Company. Each unit consists of one common share and one share purchase warrant; each warrant entitling the holder to acquire one additional share at \$0.05 for a period of 24 months. The fair value of \$141,440 was determined using the Black Scholes Option Pricing Model with the following assumptions: stock price - \$0.05; exercise price - \$0.05; expected life - 2 years; volatility - 147%; dividend yield - \$0; and risk-free rate - 1.96%.

On April 30, 2018, the Company completed a non-brokered private placement, of 12,690,000 special warrants of the Company at a price of \$0.05 per special warrant for gross proceeds of \$634,500. Each special warrant entitled the holder to receive, without payment of any additional consideration or need for further action, one unit of the Company, each unit comprising of one common share and one share purchase warrant; each warrant entitling the holder to acquire one additional share at \$0.05 for a period of 24 months. An additional 1,220,000 special warrants were issued as finders' fees with the same terms as the special warrants received pursuant to the private placement. The estimated fair value of the finder's warrants \$61,000 was charged to warrant issue costs.

On August 31, 2018, the Company converted 12,690,000 special warrants and 1,220,000 special finders' warrants issued on April 26, 2018 into an equivalent number of units in the capital of the Company. Each unit consists of one common share and one share purchase warrant; each warrant entitling the holder to acquire one additional share at \$0.05 for a period of 24 months.

During the period ended October 31, 2017, there were no issuances of common shares.

Stock Options

Under the Company's stock option plan (the "Plan") the Company has adopted a 10% rolling stock option plan ("Plan") to replace its previous 20% fixed plan, which was approved by shareholders at the Company's annual general meeting held on December 6, 2018. The Plan provides that the Board may from time to time, in its discretion, grant to directors, officers, employees, technical consultants and other participants to the Company, non-transferrable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the Company's issued and outstanding common shares. Such options will be exercisable for a period of up to ten years from the date of grant. In addition, the number of common shares which may be issuable under the Plan within a one year period: (i) to any one individual shall not exceed 5% of the issued and outstanding common shares; and (ii) to a consultant or an employee performing investor relations activities, shall not exceed 2% of the issued and outstanding common shares. The underlying purpose of the Plan is to attract and motivate the directors, officers, employees and consultants of the Company and to advance the interests of the Company by affording such persons with the opportunity to acquire an equity interest in the Company through rights granted under the Plan.

On June 22, 2018, the Company granted 16,468,727 stock options to various directors, officers and consultants of the Company with an exercise price of \$0.33 with a term of 5 years. 9,981,227 of the stock options vested immediately, with the remainder vesting 12.5% every 3 months. During the three-month period ended October 31, 2018, 812,500 additional options vested. During the three-month period ended October 31, 2018, the Company recognized \$537,428 in share-based compensation expense related to these stock options.

On August 16, 2018, the Company granted 1,000,000 stock options to an employee of the Company with an exercise price of \$0.73 with a term of 5 years. The options vest 12.5% every 3 months. The estimated fair value of the stock options was \$408,596, measured using the Black-Scholes Option Pricing Model with the following assumptions: stock price - \$0.74; exercise price - \$0.73; expected life - 5 years; volatility - 147%; dividend yield - \$0; and risk-free rate - 2.18%. During the period ended October 31, 2018, the Company recognized \$126,502 in share-based compensation expense related to these stock options.

TIDAL ROYALTY CORP.

Notes to Condensed Interim Consolidated Financial Statements

Period ended October 31, 2018 and 2017

(Expressed in Canadian dollars)

(Unaudited – prepared by management)

10. Share Capital (continued)

Stock Options (continued)

On September 24, 2018, the Company granted 100,000 stock options to a consultants of the Company with an exercise price of \$0.31 with a term of 2 years. The options vest 12.5% every 3 months. The estimated fair value of the stock options was \$9,576, measured using the Black-Scholes Option Pricing Model with the following assumptions: stock price - \$0.24; exercise price - \$0.31; expected life - 2 years, volatility - 147%, dividend yield - \$0; and risk-free rate - 2.13%. During the period ended October 31, 2018, the Company recognized \$2,159 in share-based compensation expense related to these stock options.

As at October 31, 2018, the outstanding and exercisable stock options are as follows:

	Options outstanding	Weighted average exercise price \$
Balance, July 31, 2017	-	-
Issued	16,468,727	0.33
Balance, July 31, 2018	16,468,727	0.33
Cancelled	(10,000)	(0.33)
Issued	1,100,000	0.69
Balance, October 31, 2018	17,588,727	0.35

As of October 31, 2018, the Company had options outstanding and exercisable to acquire common shares of the Company as follows:

Expiry Date	Exercise price	Number of options outstanding	October 31, 2018 - number of options exercisable	July 31, 2018 - number of options exercisable
June 22, 2023	\$ 0.33	16,458,727	10,783,727	9,981,227
August 23, 2023	0.73	1,000,000	-	-
September 13, 2020	0.31	100,000	-	-
		17,558,727	10,783,727	9,981,227

Special Warrants

On April 30, 2018, the Company completed a non-brokered private placement, of 12,690,000 special warrants of the Company at a price of \$0.05 per special warrant for gross proceeds of \$634,500. Each special warrant entitled the holder to receive, without payment of any additional consideration or need for further action, one unit of the Company, each unit comprising of one common share and one share purchase warrant; each warrant entitling the holder to acquire one additional share at \$0.05 for a period of 24 months. An additional 1,220,000 special warrants were issued as finders' fees with the same terms as the special warrants received pursuant to the private placement. The estimated fair value of the finder's warrants \$61,000 was charged to warrant issue costs. On August 31, 2018, the Company converted the special warrants and special finders' warrants into an equivalent number of units in the capital of the Company. As at October 31, 2018, a total of \$695,500 has been reclassified warrant reserve to share capital in relation to these special warrants.

As of October 31, 2017, the Company did not have any special warrants issued or outstanding.

TIDAL ROYALTY CORP.

Notes to Condensed Interim Consolidated Financial Statements

Period ended October 31, 2018 and 2017

(Expressed in Canadian dollars)

(Unaudited – prepared by management)

10. Share Capital (continued)**Common Share Purchase Warrants**

The continuity of the Company's share purchase warrants pursuant to the special warrants is as follows:

	Number of share purchase warrants #	Weighted average exercise price \$
Outstanding, July 31, 2016 and 2017	-	-
Issued	125,539,000	0.05
Exercised	(5,050,000)	0.05
Outstanding, July 31, 2018	120,489,000	0.05
Issued	16,690,000	0.05
Exercised	(14,100,000)	0.05
Outstanding, October 31, 2018	123,079,000	0.05

As of October 31, 2018, the Company had share purchase warrants outstanding and exercisable to acquire common shares of the Company as follows:

Expiry Date	Exercise price \$	Number of warrants #
February 8, 2020	0.05	58,277,000
March 1, 2020	0.05	50,112,000
April 30, 2020	0.05	14,690,000
		123,079,000

As at October 31, 2018, the outstanding warrants have a weighted average remaining contractual life of 1.61 years. The number of exercisable warrants is 123,079,000.

Finders' Warrants

A continuity schedule of the Company's outstanding finders' warrants is as follows:

	Number of share purchase warrants #	Weighted average exercise price \$
Outstanding, July 31, 2016 and 2017	-	\$ -
Issued	5,182,365	0.33
Outstanding, July 31, 2018 and October 31, 2018	5,182,365	\$ 0.33

As at October 31, 2018, the outstanding finder's warrants expire on June 11, 2020 and have a weighted average remaining contractual life of 1.61 years. The number of exercisable finders' warrants is 5,182,365.

TIDAL ROYALTY CORP.

Notes to Condensed Interim Consolidated Financial Statements

Period ended October 31, 2018 and 2017

(Expressed in Canadian dollars)

(Unaudited – prepared by management)

11. Financial Instruments and Risks**(a) Fair Values**

The Company applied the following fair value hierarchy which prioritizes the inputs used in the valuation methodologies in measuring fair value into three levels. The three levels are defined as follows:

- a) Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- b) Level 2 – Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
- c) Level 3 – Input for assets or liabilities that are not based on observable market data.

Assets and liabilities are classified in entirety based on the lowest level of input that is significant to the fair measurement. The Company's financial assets measured on a recurring basis at fair value are as follows:

	October 31, 2018			Total
	Level 1	Level 2	Level 3	
	\$	\$	\$	\$
Cash and cash equivalents	27,900,288	-	-	27,900,288

	July 31, 2018			Total
	Level 1	Level 2	Level 3	
	\$	\$	\$	\$
Cash and cash equivalents	33,904,759	-	-	33,904,759

(b) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's maximum credit risk is limited by its liquidity.

The Company deposits the majority of its cash with high credit quality financial institutions in Canada. Therefore, management considers its exposure to credit risk arising from its cash to be minimal. Credit risk with respect to receivables has been assessed as low by management as the majority of receivables are government input tax credits refundable.

(c) Foreign Exchange Rate and Interest Rate RiskForeign exchange rate

Foreign currency risk is limited to the portion of the Company's business transactions denominated in currencies other than the Canadian dollar. The Company has not entered into any foreign currency contracts to mitigate this risk, but manages the risk by minimizing the value of financial instruments denominated in foreign currency. At October 31, 2018, the Company has cash of \$16,987,298 and accounts payable of \$2,565 denominated in the United States dollar. A 10% change in the US dollar to the Canadian dollar exchange rate would impact the Company's net loss by approximately \$1,724,000.

TIDAL ROYALTY CORP.

Notes to Condensed Interim Consolidated Financial Statements

Period ended October 31, 2018 and 2017

(Expressed in Canadian dollars)

(Unaudited – prepared by management)

11. Financial Instruments and Risks (Continued)Interest rate risk

Interest rate risk consists of two components:

- i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
- ii) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company is not exposed to any significant interest rate risk. The Promissory Note receivable is at fixed interest rates.

(d) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations using cash. The ability to do this relies on the Company raising equity financing in a timely manner. The Company manages liquidity risk through the management of its capital structure and financial leverage as outlined in Note 11.

The following are contractual maturities of financial liabilities as at October 31, 2018:

	Carrying amount	Contractual cash flows	Within 1 year	Within 2 years
Accounts payable	\$ 133,917	\$ 133,917	\$ 133,917	\$ -
Due to related parties	7,935	7,935	7,935	-
Loans payable	10,000	10,000	10,000	-

The following are contractual maturities of financial liabilities as at July 31, 2018:

	Carrying amount	Contractual cash flows	Within 1 year	Within 2 years
Accounts payable	\$ 235,357	\$ 235,357	\$ 235,357	\$ -
Due to related parties	18,685	18,685	18,685	-
Loans payable	10,000	10,000	10,000	-

TIDAL ROYALTY CORP.

Notes to Condensed Interim Consolidated Financial Statements

Period ended October 31, 2018 and 2017

(Expressed in Canadian dollars)

(Unaudited – prepared by management)

12. Capital Management

The Company's objectives when managing capital are to identify and pursue business opportunities, to maintain financial strength, to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. The Company does not have any externally imposed capital requirements to which it is subject. The Company's principal source of funds is through the issuance of equity. Management considers all components of shareholders' equity as capital.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares while minimizing dilution for its existing shareholders.

The Company's investment policy is to invest its cash in financial instruments in high credit quality financial institutions with terms to maturity selected to match the expected timing of expenditures to continue operations.

The Company's overall strategy with respect to capital risk management remains unchanged from the year ended July 31, 2018 and the period ended October 31, 2018.

13. Segment Information

The Company currently operates in a single reportable operating segment.

As at October 31, 2018, the Company operated in two geographical areas being Canada and the United States of America.

	Canada	USA	Total
Revenue	-	-	-
Current Assets	\$28,454,066	\$3,441,118	\$31,895,184
Non-Current Assets	-	-	-

14. Commitment

During the year ended July 31, 2018, the Company entered into an office lease. The lease expires on September 2, 2020 and has the following estimated annual payments:

	\$
2019	193,081
2020	300,348
	493,429

TIDAL ROYALTY CORP.

Notes to Condensed Interim Consolidated Financial Statements

Period ended October 31, 2018 and 2017

*(Expressed in Canadian dollars)**(Unaudited – prepared by management)*

15. Subsequent Events

On November 5, 2018, the Company entered into a binding letter of intent with Lighthouse Strategies LLC ("Lighthouse") to make subscription, by way of private placement, for US \$5,000,000 of Lighthouse's Series A membership units.

Lighthouse is a finance, research & technology, and portfolio management company. It operates 11 companies and 150,000 ft² serving both traditional and regulated markets, including vertically integrated cannabis assets licensed in California and Nevada. Lighthouse is renowned for developing the world's first non-alcoholic cannabis-infused craft beer and liquor brand. Cannabiniers, a Lighthouse company, debuted Two Roots Brewing Co. in Las Vegas, Nevada earlier this year. The closing of the transaction is subject to, among other things, the satisfactory completion of due diligence and the receipt of all corporate and regulatory approvals.

On December 12, 2018 the Company has granted, in aggregate, 5,750,000 incentive stock options (the "Options"), to various directors, officers and consultants of the Company. The Options are exercisable at a price of \$0.115 per Common share for a term of five years expiring on December 12, 2023.

APPENDIX B

TIDAL ROYALTY CORP.

**Management's Discussion & Analysis
for the three month period ended October 31, 2018**



Management's Discussion and Analysis

For the period ended October 31, 2018 and 2017

**TIDAL ROYALTY CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE PERIOD ENDED OCTOBER 31, 2018 AND 2017**

This management's discussion and analysis ("MD&A") provides an analysis of our financial situation which will enable the reader to evaluate important variations in our financial situation for the period ended October 31, 2018, compared to the period ended October 31, 2017. This report prepared as at December 18, 2018 intends to complement and supplement our condensed interim consolidated financial statements for the period ended October 31, 2018 (the "Financial Statements") and should be read in conjunction with the Financial Statements and the accompanying notes.

Our Financial Statements and the management's discussion and analysis are intended to provide a reasonable basis for the investor to evaluate our financial situation.

Our Financial Statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All dollar amounts contained in this MD&A are expressed in Canadian dollars, unless otherwise specified.

Where we say "we", "us", "our", the "Company" or "Tidal Royalty", we mean Tidal Royalty Corp.

Additional information on the Company is available on SEDAR at www.sedar.com or the Company's website <https://www.tidalroyalty.com/>.

Business Description

Tidal Royalty Corp. was incorporated under the laws of British Columbia as Tremingo Resources Ltd. on March 12, 1980. The name was changed to Elkhorn Gold Mining Corporation on February 8, 1999 and to Tulloch Resources Ltd. on October 12, 2011 and to Tidal Royalty Corp. on July 18, 2017. The Company is a life sciences company with a focus on financing businesses that pertain in any way to cannabis which is carried out in compliance with applicable U.S. state laws ("legal cannabis industry"). The Company is a reporting issuer in the provinces of British Columbia and Ontario and on June 25, 2018, the Company's shares commenced trading on the CSE under the trading symbol "RLTY". The Company commenced trading its shares in USD on June 29, 2018 under the symbol "RLTY.U".

The head office and records office of the Company are located at Suite 810, 789 West Pender Street, Vancouver, British Columbia, V6C 1H2. The principal place of business of the Company is 161 Bay St., Suite 4010, Toronto ON, M5J 2S1.

The Company's business objective is to provide capital solutions to companies in the U.S. legal cannabis industry with large-scale potential and a highly-skilled and experienced management team across multiple industry verticals, including cultivation, processing, and distribution. Such financing arrangements may involve royalties, debt, equity and other forms of financing in both private and public companies. An investment in Tidal Royalty will allow shareholders to participate in the broader US cannabis market's growth while diversifying against specific operational risks.

While Tidal Royalty may customize its royalty financing product to meet the particular needs of exceptional operators, it anticipates that most royalty transactions will encompass one of the three following deal types:

Facility Expansion: capital used to build out existing operational assets. This would include opening additional flowering rooms to increase canopy, establishing a manufacturing and processing vertical, and opening additional dispensaries.

Multi-State Expansion: capital used to expand into new states and set up operations. Operators must demonstrate proven operational experience, the ability to obtain necessary licenses, and a business model that leverages their existing assets and operations.

Market Rollup: allows seasoned operators to expand their footprint by purchasing strategic or undervalued assets. The royalty attaches to existing operations and provides near-term cash flow.

**TIDAL ROYALTY CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE PERIOD ENDED OCTOBER 31, 2018 AND 2017**

Highlights and Overall Performance

Tidal Royalty is currently in the process of evaluating multiple additional opportunities across the U.S., including in California, New York, Illinois, Ohio, Pennsylvania, Texas and Michigan and will provide further information on those opportunities once agreements with the respective parties crystallize.

During the period ended October 31, 2018, the Company has successfully executed a number of key steps to develop and execute its business plan:

1. On August 31, 2018, the Company entered into a definitive agreement with VLF Holdings LLC, an Oregon limited liability company d/b/a Diem Cannabis ("Diem") to finance the expansion of TDMA LLC, a Massachusetts subsidiary of Diem ("TDMA") into Massachusetts. Pursuant to the agreement, the company will provide Diem with up to US\$12.5 million (the "Financing") over three years to develop and operate a large-scale cultivation and processing facility (the "Site") and up to four dispensaries (the "Dispensaries").

The Financing will be in the form of (i) promissory notes advanced at various stages of development of operations in the state; and (ii) the purchase price for real property acquisitions with respect to Sites and Dispensaries. Newly-formed subsidiaries of RLTY Development MA 1 LLC will acquire title to the real property purchased in respect of the Site and Dispensary acquisitions and will enter into leases ("Leases") with TDMA (or its nominee) with respect to their operation. The Leases will be "triple net" and will include payments of (i) annual base rent; (ii) percentage rent of net sales; and (iii) additional rent relating to the costs of property insurance, real estate taxes and any maintenance and repair where Diem proposes to enter into a third-party lease in respect of a Dispensary (an "Operating Lease"), as opposed to the purchase of real property. Diem will enter into the Operating Lease directly with the third-party lessor and will grant the Company a collateral assignment in such Operating Lease.

The Financing will be secured by (i) guarantees of the payment and performance of all obligations of TDMA by Diem and certain of its subsidiaries (the "Entity Guarantors") and key individuals (the "Individual Guarantors"); (ii) liens over all of the assets of the Entity Guarantors; (iii) pledges by the Entity Guarantors and Individual Guarantors of all equity interests in Diem and/or its subsidiaries; and (iv) in the case of operating lease, collateral assignments in such operating leases.

During the period ended October 31, 2018, and pursuant to the Financing, the Company entered into a promissory note ("Promissory Note") agreement with TDMA for \$434,933 (USD \$334,190) (July 31, 2018 - \$Nil) as a working capital advance for identification and negotiation of the purchase agreements for the Site and Dispensaries. The Promissory Note bears interest of 10% per annum and is due on February 28, 2021, unless earlier satisfied as described below.

Once the Site and Dispensaries are operational and the Leases have been entered into, the Promissory Note and all subsequently issued promissory notes (including interest accrued thereon) will be deemed satisfied in full. If the Site and Dispensaries are not operating within 2.5 years following the Closing, the Company will have the right to seek certain repayments, including repayments of the Promissory Note and all subsequently issued Promissory Notes.

Highlights and Overall Performance (continued)

2. On November 15, 2018, the Company announced we had purchased \$3 million of units (the "Units") of FLRish Inc., the parent company of Harborside ("Harborside") and entered into a non-binding memorandum of understanding ("MOU") with Harborside to provide royalty financing to prospective "Harborside" brand dispensary operators. Each Unit is comprised of (A) one 12% unsecured convertible debenture, convertible into common shares of Harborside (i) at the option of the holder at any time prior to the last business day immediately preceding the third anniversary date of the closing; and (ii) automatically upon a Harborside going-public transaction, at a conversion price equal to the lower of (i) \$6.90; and (ii) a 10% discount to the price of the common shares of Harborside as part of a qualifying transaction; and (B) 87 common share purchase warrants exercisable for a period of two years following the closing into common shares of Harborside at an exercise price of \$8.60 (subject to acceleration in the event of a going public transaction). Pursuant to the terms of the MOU, the Company has agreed to provide up to US\$10 million in royalty financing to prospective dispensary operators licensing the "Harborside" brand. Each potential dispensary financing transaction will be assessed by the Company on a case-by-case basis and will be subject to the satisfactory completion of due diligence by the Company and the consummation of definitive documentation with the prospective dispensary operator.

Harborside, a vertically-integrated California licensed operator, was founded in 2006 by cannabis industry activist and entrepreneur Steve DeAngelo. Harborside operates two dispensaries and one of California's largest cultivation facilities and owns the Harborside brand. Its flagship location in Oakland, California is the largest medical cannabis dispensary in the U.S. It was the first medical cannabis dispensary in the U.S. to introduce lab testing, the first to offer CBD-rich medicine, and the first to treat children with Dravet syndrome. Harborside was also reported to be the first dispensary to legally sell non-medicinal cannabis in California following the state's legalization of adult use sales on January 1, 2018.

Harborside announced in August 2018 that it had signed a binding letter of intent with Lineage Grow Company (CSE: BUDD) to effect a reverse take-over ("RTO") transaction and to file an application to trade on the Canadian Securities Exchange. Following completion of the RTO, the debentures and share purchase warrants are convertible into common shares of the resulting issuer pursuant to their terms.

3. On November 5, 2018, the Company entered into a binding letter of intent with Lighthouse Strategies LLC ("Lighthouse") to subscribe for US \$5,000,000 of Lighthouse's Series A membership units concurrently with a financing arrangement for certain Lighthouse beverage lines. The closing of the subscription and financing arrangement is subject to, among other things, the satisfactory completion of due diligence, the receipt of all corporate and regulatory approvals and the closing of a financing transaction by Lighthouse.

Lighthouse is a finance, research & technology, and portfolio management company. It operates 11 companies and 150,000 ft² serving both traditional and regulated markets, including vertically integrated cannabis assets licensed in California and Nevada. Lighthouse is renowned for developing the world's first non-alcoholic cannabis-infused craft beer and liquor brand. Cannabiniers, a Lighthouse company, debuted Two Roots Brewing Co. in Las Vegas, Nevada earlier this year.

4. After the close of trading on September 10, 2018, OTC Markets ceased trading Tidal Royalty's common shares under the symbol "TDRYF" as a result of an October 12, 2010 order issued by the Securities Exchange Commission ("SEC") revoking the registration of the common shares of a predecessor company to Tidal Royalty, Elkhorn Gold Mining Corp., for filing deficiencies pursuant to Section 12(j) of the Securities Exchange Act of 1934. As a result, broker-dealers in the United States are currently unable to effect transactions in the United States markets under the trading symbol TDRYF.

**TIDAL ROYALTY CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE PERIOD ENDED OCTOBER 31, 2018 AND 2017**

Highlights and Overall Performance (continued)

On October 17, 2018, November 29, 2018 and December 18, 2018, the Company filed a registration statement on Form 20-F, respectively, and an amended registration statement on Form 20-F with the SEC that Tidal Royalty expects will rectify the historical filing deficiencies of the predecessor entity and permit FINRA (the Financial Industry Regulatory Authority that regulates the OTC Markets) to reinstate Tidal Royalty's eligibility for quotation on the OTC Markets. Tidal Royalty is hopeful its common shares will resume trading on the OTC Markets by the end of Q2 in fiscal 2019. However, filing of the Form 20-F does not guarantee that trading of Tidal Royalty's common shares on the OTC Markets will recommence in the near term or at all. The SEC may provide further comments on Tidal Royalty's Form 20-F filings delaying or restricting the recommencement of trading. Tidal Royalty's common shares trade publicly on the CSE under the symbol RLTY.U.

Significant Equity Events

On October 31, 2018, the Company issued the 40,000,000 Series 1 Convertible Preferred shares pursuant to the exercise of the 40,000,000 preferred share purchase warrants. The Company reclassified \$2,000,000 from preferred share issuable to preferred shares issued.

During the period ended October 31, 2018, the Company issued 14,100,000 common shares pursuant to the exercise of 14,100,000 warrants for gross proceeds of \$705,000.

On September 26, 2018, the Company converted 4,000,000 special finder's warrants issued on May 25, 2018 into an equivalent number of units in the capital of the Company. Each unit consists of one common share and one share purchase warrant; each warrant entitling the holder to acquire one additional share at \$0.05 for a period of 24 months.

On August 31, 2018, the Company converted 12,690,000 special warrants and 1,220,000 special finders' warrants issued on April 26, 2018 into an equivalent number of units in the capital of the Company. Each unit consists of one common share and one share purchase warrant; each warrant entitling the holder to acquire one additional share at \$0.05 for a period of 24 months.

On July 26, 2017, the Company consolidated its share capital on a one-for-three basis. All share and per-share information have been restated to retroactively reflect this consolidation for all periods presented.

Use of Proceeds

During the year ended July 31, 2018, the Company completed the Placements for net proceeds of approximately \$39,000,000. The Company intends to use the net proceeds to fund financing agreements, general working capital and to investigate other opportunities. The table below provides a breakdown of the intended use, the amounts used to date and any variances.

Intended use of proceeds of Placements		Incurred as at October 31, 2018 (approximate)	Variances
Fund Financing Agreements (60%)	\$23,400,000	(\$3,434,933)	No variances anticipated
General Working Capital (20%)	\$7,800,000	(\$6,368,724)	No variances anticipated
Investigate other Opportunities (20%)	\$7,800,000	(\$1,933,500)	No variances anticipated ¹
Total	\$39,000,000	(\$5,027,686)	

Notwithstanding the foregoing, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary for the Company to achieve its objectives

TIDAL ROYALTY CORP.
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Results of Operations

The following is a breakdown of the expenses incurred by the Company for the period ended October 31, 2018 and 2017:

	2018	2017
	\$	\$
For the three-month period ended October 31,		
Expenses		
Advertising and promotion	2,155,074	-
Consulting fees	242,557	28,935
General and administration	127,596	1,562
Foreign exchange loss	75,222	-
Share-based compensation	666,089	-
Salaries and benefits	258,807	-
Rent	44,752	-
Professional fees	182,884	14,110
Transfer agent and filing fees	46,919	11,470
Travel	56,527	-
	(3,856,427)	(56,077)
Other income		
Interest income	2,679	-
Net loss and comprehensive loss for the period	(3,853,748)	(56,077)
Loss per share, basic and diluted for the period	(0.02)	(0.02)
Weighted average number of common shares outstanding	244,851,218	2,843,636

Most categories of expenses showed increases in 2018 compared with 2017, as the Company reorganized management and redirected its business. The increase in expenses relates to an increase in activity associated with the Company's reorganization of management, due diligence work performed for financing deals and related duties. Explanations of the nature of costs incurred, along with explanations for those significant changes in costs are discussed below:

- Advertising and promotion consist of marketing costs to promote the Company. The increase is a result of the Company's officers increasing their presence at several key industries related conferences throughout the period. Furthermore, the Company created brand awareness in the Company's key target markets in North America that may lead to potential partnerships. The Company's advertising effort has led to several key letter of intents and definitive agreements. This is an important step to establishing the Company as a dominant player in the United States.
- Consulting and management fees increased significantly as the Company continues to explore financing opportunities with companies in the U.S. legal cannabis industry. The Company relies heavily on Consultants to help them achieve their goals in all facets of business and these consultants bring a wide range of expertise and connections to the Company. Consultants include Management, Advisors, Technical Support and other support roles.
- General and administration relates to general office expenditures and its increase is a result of the Company's activity level during the period along with other costs associated with operations in the Company's office in Toronto.
- Foreign exchange loss relates to fluctuations in foreign exchange rate.
- During the year ended July 31, 2018, the Company granted 16,468,727 stock options to various consultants, directors and key management with an exercise price of \$0.33 with a 5-year term that vests 12% every three months. The Company used the Black Scholes Pricing Model and recorded share based compensation of \$537,428. During the period ended October 31, 2018, the Company granted 1,100,000 stock options to various key management and consultants and recorded share based compensation of \$128,661.

TIDAL ROYALTY CORP.
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- Salaries and benefits increased as a result of the Company hiring additional employees to support the growth of business and its corporate finance department. Furthermore, the Company paid its CEO and President salaries for their services.
- The Company signed an office lease in Toronto. The Company offsets a portion of its lease by sub-leasing their office space.
- Professional fees increased due to accounting and legal fees associated with preparing and reviewing the Company's 20-F filing. The Company incurred legal fees in connection with the closing of the Financing agreement with Diem Cannabis, review of various Letters of Intent and other potential partnerships.
- Transfer agent and filing fees increased as a result of filing fees for the Company's various press releases, audited financial statements and miscellaneous transfer agent fees.
- Travel increased as a result of flights to various industry conferences and meetings in furtherance of financing opportunities.

Summary of Quarterly Results

The following table sets forth selected quarterly financial information for the eight most recently completed quarters.

	Oct. 31 2018 \$	Jul 31 2018 \$	Apr. 30 2018 \$	Jan. 31 2018 \$	Oct. 31 2017 \$	Jul. 31 2017 \$	Apr. 30 2017 \$	Jan. 31 2017 \$
Total revenues	-	-	-	-	-	-	-	-
Total assets	31,895,184	34,566,033	5,699,709	2,842,588	24,915	22,334	3,440	4,143
Long term liabilities	-	-	-	-	-	-	-	-
Net loss and comprehensive loss	(3,853,748)	(6,807,138)	(742,747)	(219,127)	(56,077)	(24,854)	(5,390)	(1,267)
Net loss per share – Basic and diluted	(0.02)	(0.06)	(0.26)	(0.08)	(0.02)	(0.00)	(0.00)	(0.00)

The amount and timing of expenses and availability of capital resources vary substantially from quarter to quarter, depending on the level of activities being undertaken for royalty financing opportunities at any time and the availability of funding. Q2 2018 saw a large increase over prior quarters as a result of consulting and management fees for royalty financing opportunities and professional fees incurred in respect to listing costs with the CSE. Q4 2018 saw a large increase as the Company's operations ramped up and pursued several potential royalty agreements, incurring due diligence, accounting, consulting and legal expenses. The Company hired employees and pursued marketing programs and consultants to increase brand awareness and pursue new royalty opportunities. Furthermore, \$3,250,476 of Q4 2018 fees relates to non-cash share-based compensation.

Net loss and comprehensive loss decreased during Q1 2019 from Q4 2018 as the Company's share-based compensation decreased, quarter over quarter, from \$3,250,476 to \$666,089.

Liquidity

At October 31, 2018, the Company had cash of \$27,900,288, compared to July 31, 2018 of \$33,904,759. In order to continue operations, and in particular, to fund ongoing expenditure commitments to pursue its business strategy & goals and service its obligations listed in the financial statements, the Company may need to raise additional capital. The Company expects to finance operating costs by private placement of common shares, preferred shares, exercise of warrants, exercise of options and debt financing. The Company raised further monies from warrant exercises subsequent to year end.

TIDAL ROYALTY CORP.
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Capital Resources

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and cash equivalents and equity comprised of issued share capital and deficit.

The Company manages its capital structure and makes adjustments to it in light of economic conditions and financial needs. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company entered into an office lease that expires on September 2, 2020. The Company is committed to the following estimated annual payments:

	\$
2019	193,081
2020	300,348
	<u>493,429</u>

Working Capital

At the period ended October 31, 2018, the Company had working capital of \$31,743,332 (July 31, 2018 – \$34,225,991). In the long term, the Company will be seeking to raise further funds from equity financings and/or debt financing in order to continue operations, in particular to fund ongoing expenditure commitments as they arise.

As at	October 31, 2018	July 31, 2018
	\$	\$
Total assets	31,895,184	34,566,033
Total liabilities	151,852	340,042
Working capital	31,743,332	34,225,991
Shareholders' Equity	31,743,332	34,225,991

Cash Used in Operating Activities

Net cash used in operating activities during the period ended October 31, 2018 was \$3,274,538 (2017 – \$ 50,293) which mainly consisted of cash spent for the initiation of the business, general working capital, brand awareness campaigns, consulting and professional fees for royalty financing opportunities, and due diligence. The Company entered into several multi-month marketing contracts that is included in prepaid expenses of \$156,286 (2018 - \$531,859) and paid off trade and other payables of \$188,190 (2017 – (6,011)). Furthermore, the Company recorded share based compensation of \$666,089 (2017 - \$Nil).

**TIDAL ROYALTY CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Cash Used in Investing Activities

During the period ended October 31, 2018, and pursuant to the Financing, the Company entered into a promissory note ("Promissory Note") agreement with TDMA for \$434,933 (USD \$334,190) (July 31, 2018 - \$Nil) as a working capital advance for identification and negotiation of the purchase agreements for the Site and Dispensaries. The Promissory Note bears interest of 10% per annum and is due on February 28, 2021, unless earlier satisfied as described below.

The Company made a \$3,000,000 equity investment in Harbourside, which was discussed in the Highlights and Overall Performance section.

Cash Generated by Financing Activities

Total net cash generated during the period ended October 31, 2018 was \$705,000 (2017 - \$Nil). The Company issued 14,100,000 common shares pursuant to various warrant exercises for gross proceeds of \$705,000.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Transactions with Related Parties

The Directors and Executive Officers of the Company for the period ended October 31, 2018 were as follows:

Paul Rosen	Chief Executive Officer and Director
Terry Taouss	President
Theo van der Linde	Chief Financial Officer and Director
Courtland Livesley-James	Former VP Strategy
Kathryn Witter	Former Secretary
Brian Penny	Director
Brendan Purdy	Director
Stuart Wooldridge	Director

Formal management and/or consulting contracts are currently being reviewed.

Key management personnel are persons responsible for planning, directing and controlling the activities of the Company, and include all directors and officers. Key management compensation for the period ended October 31, 2018 and 2017 are comprised of the following:

	October 31, 2018	October 31, 2017
	\$	\$
Salary paid to Paul Rosen	75,000	-
Salary paid to Terry Taouss	43,750	-
Consulting and management fees paid to a private company controlled by Theo van der Linde	21,000	16,935
Consulting and management fees paid to a private company controlled by Kathryn Witter	2,000	12,000
Consulting and management fees paid to a private company controlled by Courtland Livesley-James	31,250	-
Share based compensation	334,859	-
Total	507,859	28,935

As at October 31, 2018, the Company owed \$7,935 (July 31, 2018 - \$18,685) to related parties.

**TIDAL ROYALTY CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Proposed Transactions

There are no proposed transactions at the date of this report that have not been disclosed.

Outstanding Share Data

At the date of this MD&A, the Company has the following outstanding shares:

Securities*	Number
Common shares	259,797,661
Special warrants	-
Share purchase warrants	123,079,000
Stock options	21,808,727
Preferred shares	80,000,000

Additional Disclosure for Venture Issuers without significant revenue

Additional disclosure concerning the Company's expenses is provided in the Company's statement of loss and note disclosures contained in its condensed interim financial statements for the period ended October 31, 2018. These statements are available on SEDAR - Site accessed through www.sedar.com.

Ability to Access Private and Public Capital and Nature of Securities

The Company has historically relied entirely on access to both public and private capital in order to support its continuing operations, and the Company expects to continue to rely almost exclusively on the capital markets to finance its investments in the US legal cannabis industry. Although such investments carry a higher degree of risk, and despite the treatment of cannabis under U.S. federal laws, Canadian-based issuers involved in making U.S. cannabis-related investments have been successful in raising substantial amounts of private and public financing. However, there is no assurance the Company will be successful, in whole or in part, in raising funds, particularly if the U.S. federal authorities change their position toward enforcing the *Controlled Substances Act* of 1970 ("CSA"). Further, access to funding from U.S. residents may be limited due their unwillingness to be associated with activities which violate US federal laws. The purchase of the Company's securities involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks. The Company's securities should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in the Company's securities should not constitute a major portion of an investor's portfolio.

Dividends

The Company has no earnings or dividend record and is unlikely to pay any dividends in the foreseeable future as it intends to employ available funds for investment into the US legal cannabis industry. Any future determination to pay dividends will be at the discretion of the board of directors and will depend on the Company's financial condition, results of operations, capital requirements and such other factors as the board of directors deem relevant.

**TIDAL ROYALTY CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Additional Disclosure for Venture Issuers without significant revenue (continued)

Management's Responsibility for Financial Statements

The information provided in this report, including the condensed interim financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements. In contrast to the certificate required under National Instrument 52-109 - *Certificate of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109, in particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

- (i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- (ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Company's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement, on a cost-effective basis, DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Approval

The Board of Directors oversees management's responsibility for financial reporting and internal control systems through an Audit Committee. This Committee meets periodically with management and annually with the independent auditors to review the scope and results of the annual audit and to review the financial statements and related financial reporting and internal control matters before the financial statements are approved by the Board of Directors and submitted to the shareholders of the Company. The Board of Directors of the Company has approved the financial statements and the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

Additional Disclosure for Venture Issuers without significant revenue (continued)

Forward-looking information

Statements included in this document that do not relate to present or historical conditions are "forward-looking statements". Forward-looking statements are projections in respect of future events or the Company's future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may", "should", "intend", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", or "continue", or the negative of these terms or other comparable terminology. Forward-looking statements in this MD&A include statements with respect to: the nature and extent of the review and comment by the SEC of Tidal Royalty's registration statement, speed of the interactions between the applicable U.S. regulatory authorities, statements regarding estimated capital requirements and planned use of proceeds. These statements are only predictions and involve known and unknown risks and uncertainties, including the risks in the section entitled "Risk Factors", and other factors which may cause the Company's actual results, levels of activity or performance to be materially different from any future results, levels of activity or performance expressed or implied by these forward-looking statements. Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results, levels of activity or performance. Further, any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable law, the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of such factors on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. Additional information, including interim and annual financial statements, the management information circulars and other disclosure documents, may also be examined and/or obtained by accessing the Canadian System for Electronic Document Analysis and Retrieval ("SEDAR") website at www.sedar.com.

Risks Factors

We have no source of operating revenue and it is likely we will operate at a loss until we are able to realize cash flow from our financings.

We may require additional financing in order to fund our businesses or business expansion. Our ability to arrange such financing in the future will depend in part upon prevailing capital market conditions, as well as our business success. There can be no assurance that we will be successful in our efforts to arrange additional financing on terms satisfactory to us, or at all. If additional financing is raised by the issuance of common shares from treasury, control of the Company may change and shareholders may suffer additional dilution. If adequate funds are not available, or are not available on acceptable terms, we may not be able to operate our businesses at their maximum potential, to expand, to take advantage of other opportunities, or otherwise remain in business.

We may issue a substantial number of our common shares without investor approval to raise additional financing and we may consolidate the current outstanding common shares.

Any such issuance or consolidation of our securities in the future could reduce an investor's ownership percentage and voting rights in us and further dilute the value of the investor's investment.

Risks Factors (Continued)

The market price of our common shares may experience significant volatility.

Factors such as announcements of quarterly variations in operating results, revenues, costs, changes in financial estimates or other material comments by securities analysts relating to us, our competitors or the industry in general, announcements by other companies in the industry relating to their operations, strategic initiatives, financial condition or performance or relating to the industry in general, announcements of acquisitions or consolidations involving our portfolio companies, competitors or among the industry in general, as well as market conditions in the cannabis industry, such as regulatory developments, may have a significant impact on the market price of our common shares. Global stock markets and the Canadian Securities Exchange ("CSE") in particular have, from time to time, experienced extreme price and volume fluctuations, which have often been unrelated to the operations of particular companies. Share prices for many companies in our sector have experienced wide fluctuations that have been often unrelated to the operations of the companies themselves. In addition, there can be no assurance that an active trading or liquid market will be sustained for our common shares.

We do not anticipate that any dividends will be paid on our common shares in the foreseeable future.

We anticipate that we will reinvest any future earnings in the development and growth of our business. Therefore, investors will not receive any funds unless they sell their common shares, and shareholders may not be able to sell their shares on favourable terms or at all.

The Company has a limited operating history with respect to financings in the U.S. cannabis sector, which can make it difficult for investors to evaluate the Company's operations and prospects and may increase the risks associated with investment in the Company.

The Company has a history of negative cash flow and losses that is not expected to change in the short term. Financings may not begin generating cash flow to the Company for several years following any financing.

The Company will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and experience than the Company.

Currently, the U.S. cannabis industry generally is comprised of individuals and small to medium-sized entities. However, the risk remains that large conglomerates and companies who also recognize the potential for financial success through investment in this industry could strategically purchase or assume control of certain aspects of the industry. In doing so, these larger competitors could establish price setting and cost controls which would effectively "price out" many of the individuals and small to medium-sized entities who currently make up the bulk of the participants in the varied businesses operating within and in support of the medical and adult-use marijuana industry. While the trend in connection with most state laws and regulations may deter this type of takeover, this industry remains quite nascent, and therefore faces many unknown future developments, which in itself is a risk.

Because of the early stage of the industry in which the Company will operate, the Company expects to face additional competition from new entrants. The Company may not have sufficient resources to remain competitive, which could materially and adversely affect the business, financial condition and results of operations of the Company.

Company indebtedness could have a number of adverse impacts on the Company, including reducing the availability of cash flows to fund working capital and capital expenses.

Any indebtedness of the Company could have significant consequences on the Company, including: increase the Company's vulnerability to general adverse economic and industry conditions; require the Company to dedicate a substantial portion of its cash flow from operations to making interest and principal payments on its indebtedness, reducing the availability of the Company's cash flow to fund capital expenditures, working capital and other general corporate purposes; limit the Company's flexibility in planning for, or reacting to, changes in the business and the industry in which it operates; place the Company at a competitive disadvantage compared to its competitors that have greater financial resources; and limit the Company's ability to complete fundamental corporate changes or transactions or to declare or pay dividends.

Risks Factors (Continued)

The Company's revenues and expenses may be negatively impacted by fluctuations in currency.

The Company's revenues and expenses are expected to be primarily denominated in U.S. dollars, and therefore may be exposed to significant currency exchange fluctuations. Recent events in the global financial markets have been coupled with increased volatility in the currency markets. Fluctuations in the exchange rate between the U.S. dollar and the Canadian dollar may have a material adverse effect on the Company's business, financial condition and operating results. The Company may, in the future, establish a program to hedge a portion of its foreign currency exposure with the objective of minimizing the impact of adverse foreign currency exchange movements. However, even if the Company develops a hedging program, there can be no assurance that it will effectively mitigate currency risks.

Risks Related to the Cannabis Industry

While certain U.S. states have enacted medical and/or adult-use cannabis legislation, cannabis continues to be illegal under U.S. federal law, which may subject us to regulatory or legal enforcement, litigation, increased costs and reputational harm.

More than half of the U.S. states have enacted legislation to regulate the sale and use of cannabis on either a medical or adult-use level. However, notwithstanding the permissive regulatory environment of cannabis at the state level, cannabis continues to be categorized as a controlled substance under the U.S. Controlled Substances Act of 1970 ("CSA"), and as such, activities within the cannabis industry are illegal under U.S. federal law. It is also illegal to aid or abet such activities or to conspire to attempt to engage in such activities. Financing businesses in the cannabis industry may be deemed aiding and abetting an illegal activity under federal law. If such an action were brought, we may be forced to cease operations and our investors could lose their entire investment. Such an action would have a material negative effect on our business and operations. For background information on the inconsistency between state and federal regulation of cannabis, please refer to "Item 4 — Information on the Company — B. Business Overview — Effects of Government Regulations".

The funding of businesses in the cannabis industry may expose us to potential criminal liability.

While we do not intend to harvest, distribute or sell cannabis, the funding of businesses in the medical and adult-use cannabis industry could be deemed to be participating in marijuana cultivation, which remains illegal under federal law pursuant to the CSA and exposes us to potential criminal liability, with the additional risk that our properties, or those of our portfolio companies, could be subject to civil forfeiture proceedings. For background information on the inconsistency between state and federal regulation of cannabis, please refer to "Item 4 — Information on the Company — B. Business Overview — Effects of Government Regulations".

Management may not be able to predict all new emerging risks or how such risks may impact actual results of the Company in the highly regulated, highly competitive and rapidly evolving U.S. cannabis industry.

As a result of the conflicting views between state legislatures and the federal government regarding cannabis, financings with cannabis related businesses in the U.S. are subject to a higher degree of uncertainty and risk. Such risks are difficult to predict. For instance, it is presently unclear whether the U.S. federal government intends to enforce federal laws relating to cannabis where the conduct at issue is legal under applicable state law. Further, there can be no assurance that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions.

Unless and until the U.S. federal government amends the CSA with respect to cannabis (and as to the timing or scope of any such potential amendment there can be no assurance), there can be no assurance that it will not seek to prosecute cases involving cannabis businesses that are otherwise compliant with state law. Such potential proceedings could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the federal government or private citizens; or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities or divestiture. Such proceedings could have a material adverse effect on the Company's business, revenues, operating results and financial condition as well as the Company's reputation, even if such proceedings were concluded successfully in favour of the Company. The regulatory uncertainties make identifying the new risks applicable to the Company and its business and the assessment of the impact of those risks on the Company and its business extremely difficult.

Risks Factors (Continued)

The U.S. cannabis industry is subject to extensive controls and regulations, which impose significant costs on the Company and its portfolio companies and may affect the financial condition of market participants, including the Company.

Participants in the U.S. cannabis industry will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties or restrictions of operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the participant and, thereby, on the Company's prospective returns.

It is also important to note that local and city ordinances may strictly limit and/or restrict the distribution of cannabis in a manner that will make it extremely difficult or impossible to transact business in the cannabis industry. If the U.S. federal government begins to enforce federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing state laws are repealed or curtailed, then the Company's financings in such businesses would be materially and adversely affected notwithstanding that the Company may not be directly engaged in the sale or distribution of cannabis.

Changes to or the imposition of new government regulations, including those relating to taxes and other government levies, may affect the marketability of cannabis products. Such changes in government levies (including taxes), which are beyond the control of the participant and which cannot be predicted, could reduce the Company's earnings and could make future financing uneconomic.

The Company and the companies it funds may become subject to litigation which could have a significant impact on the Company's profitability.

The cannabis industry is subject to numerous legal challenges and could become subject to new, unexpected legal challenges. The Company, or one or more of the Company's portfolio companies, may become subject to a variety of claims and lawsuits, such as U.S. federal actions against any individual or entity engaged in the marijuana industry. There can be no assurances the federal government of the United States or other jurisdictions will not seek to enforce the applicable laws against the Company. The consequences of such enforcement would be materially adverse to the Company and the Company's business and could result in the forfeiture or seizure of all or substantially all of the Company's assets. Litigation and other claims are subject to inherent uncertainties and management's view of these matters may change in the future. Adverse outcomes in some or all of these claims may result in significant monetary damages or injunctive relief that could adversely affect our ability to conduct our business. A material adverse impact on our financial statements also could occur for the period in which the effect of an unfavorable final outcome becomes probable and reasonably estimable.

As the possession and use of cannabis is illegal under the CSA, we may be deemed to be aiding and abetting illegal activities through the funding of our portfolio companies, and as such may be subject to enforcement actions which could materially and adversely affect our business.

The possession, use, cultivation, or transfer of cannabis remains illegal under the CSA. As a result, law enforcement authorities regulating the illegal use of cannabis may seek to bring an action or actions against us, including, but not limited to, a claim of aiding and abetting another's criminal activities. The federal aiding and abetting statute provides that anyone who "commits an offense against the United States or aids, abets, counsels, commands, induces or procures its commission, is punishable as a principal." 18 U.S.C. §2(a). Such an action would have a material adverse impact on our business and operations.

Risks Factors (Continued)

Losing access to traditional banking and the application of anti-money laundering rules and regulations to our business could have a significant effect on our ability to conclude financings and achieve returns.

The Company is subject to a variety of laws and regulations in Canada and the U.S. that involve money laundering, financial recordkeeping and proceeds of crime, including the U.S. Currency and Foreign Transactions Reporting Act of 1970 (commonly known as the Bank Secrecy Act), as amended by Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act), the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada), as amended and the rules and regulations thereunder, and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the U.S. and Canada. Further, under U.S. federal law, banks or other financial institutions that provide a cannabis business with a chequing account, debit or credit card, small business loan, or any other service could be found guilty of money laundering, aiding and abetting, or conspiracy. For background on these laws and various guidance issued by certain regulatory authorities concerning banking cannabis-related businesses, please refer to "Item 4 — Information on the Company — B. Business Overview — Effects of Government Regulations".

Overall, since the production and possession of cannabis is illegal under U.S. federal law, there is a strong argument that banks cannot accept for deposit funds from businesses involved with the cannabis industry. Consequently, businesses involved in the cannabis industry often have difficulty finding a bank willing to accept their business. As the Company will have a material ancillary involvement in the U.S. legal cannabis industry, the Company may find that it is unable to open bank accounts with certain Canadian financial institutions, which in turn may make it difficult to operate the Company's business. Furthermore, the Company's U.S. subsidiaries may be unable to open bank accounts with U.S. financial institutions, which may also make it difficult to operate the Company's business.

Proceeds from the Company's financings could be considered proceeds of crime which may restrict the Company's ability to pay dividends or effect other distributions to its shareholders.

The Company's future financings, and any proceeds thereof, may be considered proceeds of crime due to the fact that cannabis remains illegal federally in the U.S. This may restrict the ability of the Company to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada. Furthermore, while the Company has no current intention to declare or pay dividends on its Shares in the foreseeable future, the Company may decide or be required to suspend declaring or paying dividends without advance notice and for an indefinite period of time.

The Company has historically relied entirely on access to both public and private capital in order to support its continuing operations, and the Company expects to continue to rely almost exclusively on the capital markets to finance its business in the U.S. legal cannabis industry.

Although such business carries a higher degree of risk, and despite the legal standing of cannabis businesses pursuant to U.S. federal laws, Canadian based issuers involved in the U.S. legal cannabis industry have been successful in raising substantial amounts of private and public financing. However, there is no assurance the Company will be successful, in whole or in part, in raising funds in the future, particularly if the U.S. federal authorities change their position toward enforcing the CSA. Further, access to funding from U.S. residents may be limited due to their unwillingness to be associated with activities which violate U.S. federal laws.

Risks Factors (Continued)

The Company's involvement in the U.S. cannabis industry may become the subject of heightened scrutiny by regulators, stock exchanges, clearing agencies and other authorities in Canada, which could lead to the imposition of certain restrictions on the Company's ability to invest in the U.S.

It has been reported in Canada that the Canadian Depository for Securities Limited is considering a policy shift that would see its subsidiary, CDS Clearing and Depository Services Inc. ("CDS"), refuse to settle trades for cannabis issuers that have investments in the U.S. CDS is Canada's central securities depository, clearing and settling trades in the Canadian equity, fixed income and money markets. The TMX Group, the owner and operator of CDS, subsequently issued a statement on August 17, 2017 reaffirming that there is no CDS ban on the clearing of securities of issuers with cannabis-related activities in the U.S., despite media reports to the contrary, and that the TMX Group was working with regulators to arrive at a solution that will clarify this matter, which would be communicated at a later time. If such a ban were to be implemented, it would have a material adverse effect on the ability of holders of the Company's Shares to make and settle trades. In particular, the Shares would become highly illiquid as until an alternative was implemented, investors would have no ability to effect a trade of the Shares through the facilities of the Exchange.

On February 8, 2018, following discussions with the Canadian Securities Administrators and recognized Canadian securities exchanges, the TMX Group announced the signing of a Memorandum of Understanding ("MOU") with Aequitas NEO Exchange Inc., the CSE, the Toronto Stock Exchange, and the TSX Venture Exchange. The MOU outlines the parties' understanding of Canada's regulatory framework applicable to the rules, procedures, and regulatory oversight of the exchanges and CDS as it relates to issuers with cannabis-related activities in the U.S. The MOU confirms, with respect to the clearing of listed securities, that CDS relies on the exchanges to review the conduct of listed issuers. As a result, there is no CDS ban on the clearing of securities of issuers with cannabis-related activities in the U.S. However, there can be no guarantee that this approach to regulation will continue in the future.

For the reasons set forth above, the Company's future financings in the U.S. may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada. As a result, the Company may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Company's ability to invest in the U.S. or any other jurisdiction, in addition to those described herein.

The Company's proposed business operations will indirectly be affected by a variety of laws, regulations and guidelines which could increase compliance costs substantially or require the alteration of business plans.

The Company's business operations will indirectly be affected by laws and regulations relating to the manufacture, management, transportation, storage and disposal of cannabis, as well as laws and regulations relating to consumable products health and safety, the conduct of operations and the protection of the environment. These laws are broad in scope and subject to evolving interpretations, which could require participants to incur substantial costs associated with compliance or alter certain aspects of its business plans. In addition, violations of these laws, or allegations of such violations, could disrupt certain aspects of the Company's business plans and result in a material adverse effect on certain aspects of its planned operations.

Risks Factors (Continued)

As consumer perceptions regarding legality, morality, consumption, safety, efficacy and quality of cannabis evolve, the Company may face unfavourable publicity or consumer perception.

The legal cannabis industry in the U.S. is at an early stage of its development. Cannabis has been, and will continue to be, a controlled substance for the foreseeable future. Consumer perceptions regarding legality, morality, consumption, safety, efficacy and quality of cannabis are mixed and evolving. Consumer perception can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for cannabis and on the business, results of operations, financial condition and cash flows of the Company. Further, adverse publicity reports or other media attention regarding cannabis in general or associating the consumption of cannabis with illness or other negative effects or events, could have such a material adverse effect. Public opinion and support for medical and adult-use cannabis use has traditionally been inconsistent and varies from jurisdiction to jurisdiction. While public opinion and support appears to be rising for legalizing medical and adult-use cannabis, it remains a controversial issue subject to differing opinions surrounding the level of legalization (for example, medical marijuana as opposed to legalization in general). The Company's ability to gain and increase market acceptance of its proposed royalty business may require substantial expenditures on investor relations, strategic relationships and marketing initiatives. There can be no assurance that such initiatives will be successful and their failure may have an adverse effect on the Company.

Cannabis use may increase the risk of serious adverse side effects which could subject the Company or its portfolio companies to product liability claims, regulatory action and litigation.

As a company that finances businesses in the cannabis industry, we face the risk of exposure to, or having our portfolio companies exposed to, product liability claims, regulatory action and litigation if the products or services of our portfolio companies are alleged to have caused loss or injury. Our portfolio companies may become subject to product liability claims due to allegations that their products caused or contributed to injury or illness, failed to include adequate instructions for use or failed to include adequate warnings concerning possible side effects or interactions with other substances. This risk is exacerbated by the fact that cannabis use may increase the risk of developing schizophrenia and other psychoses, may exacerbate the symptoms for individuals with bipolar disorder, may increase the risk for the development of depressive disorders, may impair learning, memory and attention capabilities, and result in other side effects. In addition, previously unknown adverse reactions resulting from human consumption of cannabis products alone or in combination with other medications or substances could also occur. There can be no assurance that our portfolio companies will be able to 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 result in our portfolio companies becoming subject to significant liabilities that are uninsured and also could adversely affect their commercial arrangements with third parties. Such a product liability claim or regulatory action against an operator could result in increased costs, could adversely affect the Company's financing and reputation, and could have a material adverse effect on the results of operations and financial condition of the Company.

Risks Factors (Continued)

If our portfolio companies do not comply with applicable packaging, labeling and advertising restrictions on the sale of cannabis in the adult-use market, we could face increased costs, our reputation could be negatively affected and there could be a material adverse effect on our results of operations and financial condition.

Products distributed by our portfolio companies into the adult-use market may be required to comply with legislative requirements relating to product formats, product packaging, and marketing activities around such products, among others. As such, the portfolio of brands and products of our portfolio companies will need to be specifically adapted, and their marketing activities carefully structured, to enable them to develop their brands in an effective and compliant manner. If our portfolio companies are unable to effectively market their cannabis products and compete for market share, or if the costs relating to compliance with government legislation increase beyond what can be absorbed in the price of products, our earnings could be adversely affected which could make future financing uneconomic.

The products of our portfolio companies may become subject to product recalls, which could negatively impact our results of operations.

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 products of our portfolio companies are recalled due to an alleged product defect or for any other reason, such recall may disrupt certain aspects of the Company's business plans and result in a material adverse effect on certain aspects of its planned operations. In addition, a product recall involving one or multiple of our portfolio companies may require significant attention by our senior management. If the products of one of our portfolio companies were subject to recall, the image of that brand and the Company as an investor could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the products of our portfolio companies 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 our operations by the U.S. FDA, Health Canada or other regulatory agencies, requiring further senior management attention and potential legal fees and other expenses.

Risks Related to Royalties

The Company may expend valuable time and effort in performing due diligence on companies and their existing royalties which may not be able to be acquired by the Company owing to existing third-party rights.

Rights of third parties may restrict the Company's ability to acquire existing royalties. Royalty interests may be subject to: (i) buy-down right provisions pursuant to which the operator may buy-back all or a portion of the royalty; (ii) preemptive rights pursuant to which parties have the right of first refusal or first offer with respect to a proposed sale or assignment of the royalty; or (iii) claw back rights pursuant to which the seller of a royalty has the right to re-acquire the royalty. As a result, (a) royalties held by the Company may not continue for the full term of the original contract, and (b) should the Company seek to acquire existing royalties in the future, holders of such rights may exercise them such that certain existing royalty interests would not be available for acquisition.

The determination of costs is made by the operator and is beyond the control of the Company but may negatively influence the royalty return received by the Company.

Should the Company hold a net profit royalty, it would have the added risk that such royalties allow the operator to account for the effect of prevailing cost pressures on the project before calculating a royalty. These cost pressures may include costs of labour, equipment, electricity, environmental compliance, and numerous other capital, operating and production inputs. Such costs will fluctuate in ways the royalty holder will not be able to predict and will be beyond the control of such holder and can have a dramatic effect on the amount payable on these royalties. Any increase in the costs incurred by the operators will likely result in a decline in the royalty received by the royalty holder. This, in turn, may have a material adverse effect on its profitability, financial condition, and results of operation.

Risks Factors (Continued)

The Company does not control the business operations over which the royalty is determined and the interests of owners/operators and the Company may not always be aligned, which could negatively influence the royalty return received by the Company.

Cash flows derived from royalties are based on operations by third parties. These third parties will be responsible for determining the manner in which their business is operated or the relevant assets subject to the royalties are exploited, including decisions to expand, continue or reduce production, decisions about the marketing of products extracted from the asset and decisions to advance expansion efforts and further develop non-producing assets. As a holder of royalties or other interests, the Company will have little or no input on such matters. The interests of third-party owners and operators and those of the Company on the relevant assets may not always be aligned.

The Company has limited access to data and disclosure which may make the assessment of the value of the Company's current or future financings difficult to determine and which could result in the royalties being less profitable than expected.

As a holder of royalties and other non-operator interests, the Company neither serves as the owner or operator, and in almost all cases the Company has limited input into how the operations are conducted. As such, the Company has varying access to data on the operations or to the actual assets themselves. This could affect its ability to assess the value of the royalties or enhance their performance. This could also result in delays in cash flow from that anticipated by the Company based on the stage of development of the applicable business or assets. The Company's royalty payments may be calculated by the operator in a manner different from the Company's projections and the Company may or may not have rights of audit with respect to such royalty interests. In addition, some royalties may be subject to confidentiality arrangements which govern the disclosure of information with regard to royalties and as such the Company may not be in a position to publicly disclose non-public information with respect thereto. The limited access to data and disclosure regarding the businesses in which the Company has an interest, may restrict its ability to assess the value or enhance its performance which may have a material adverse effect on the Company's profitability, results of operation and financial condition.

Royalties are largely contractually-based and may not always be honoured by the counterparties to the Company's royalty contracts, which may have a material adverse effect on the Company's profitability, results of operations and financial condition.

Royalties are largely contractually based. Parties to contracts do not always honour contractual terms and contracts themselves may be subject to interpretation or technical defects. To the extent grantors of royalties and other interests do not abide by their contractual obligations, the Company may be forced to take legal action to enforce its contractual rights. Such litigation may be time consuming and costly, and as with all litigation, no guarantee of success can be made. Should any such decision be determined adversely to the Company, it may have a material adverse effect on the Company's profitability, results of operations and financial condition.

General Business Risks

There can be no assurance that future financings made by the Company will be profitable.

As part of the Company's overall business strategy, the Company intends to pursue its financing policy and objectives. There are always risks associated with any business transaction, particularly one that involves a largely cash based operation, operating in a new and growing field, with conflicting federal and state laws. There is no assurance any financings will be profitable.

As the cannabis industry is nascent, expectations regarding the development of the market may not be accurate and may change.

Due to the early stage of the legal cannabis industry, forecasts regarding the size of the industry and the sales of products are inherently subject to significant unreliability. A failure in the demand for 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.

Risks Factors (Continued)

The success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management.

While employment agreements or management agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such people. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results or financial condition.

The Company's participation in the cannabis industry may lead to litigation, formal or informal complaints, enforcement actions, and inquiries by various federal, state, or local governmental authorities.

Litigation, complaints, and enforcement actions the Company could consume considerable amounts of financial and other corporate resources, which could have an adverse effect on the Company's future cash flows, earnings, results of operations and financial condition.

The Company is a British Columbia corporation governed by the Business Corporations Act (British Columbia) and, as such, our corporate structure, the rights and obligations of shareholders and our corporate bodies may be different from those of the home countries of international investors.

Non-Canadian residents may find it more difficult and costlier to exercise shareholder rights. International investors may also find it costly and difficult to effect service of process and enforce their civil liabilities against us or some of our directors, controlling persons and officers.

The cultivation, extraction and processing of cannabis and derivative products is dependent on a number of key inputs and their related costs including raw materials, electricity, water and other local utilities.

Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the business, financial condition and operating results of an operator. Some of these inputs may only be available from a single supplier or a limited group of suppliers.

If a sole source supplier was to go out of business, an operator might be unable to find a replacement for such source in a timely manner or at all. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on the business, financial condition and operating results of an operator, and consequently, the Company.

The success of the Company may depend, in part, on the ability of an operator to maintain and enhance trade secret protection over its various existing and potential proprietary techniques and processes, or trademark and branding developed by it.

Each operator may also be vulnerable to competitors who develop competing technology, whether independently or as a result of acquiring access to the proprietary products and trade secrets of the operator. In addition, effective future patent, copyright and trade secret protection may be unavailable or limited in certain foreign countries and may be unenforceable under the laws of certain jurisdictions.

Risks Factors (Continued)

Insurance coverage obtained by an operator may be insufficient to cover all claims to which the operator may become subject.

The Company will require an operator to have insurance coverage for applicable risks. However, there can be no assurance that such coverage will be available or sufficient to cover claims to which the operator may become subject. Each operator may be affected by a number of operational risks and may not be adequately insured for certain risks, including: civil litigation; labour disputes; catastrophic accidents; fires; blockades or other acts of social activism; changes in the regulatory environment; impact of non-compliance with laws and regulations; natural phenomena, such as inclement weather conditions, floods, earthquakes and ground movements. There is no assurance that the foregoing risks and hazards will not result in damage to, or destruction of, an operator's properties, grow facilities and extraction facilities, personal injury or death, environmental damage, adverse impacts on the operator's operations, costs, monetary losses, potential legal liability and adverse governmental action, any of which could have an adverse impact on the Company's future cash flows, earnings and financial condition. Also, an operator may be subject to or affected by liability or sustain loss for certain risks and hazards against which it may elect not to insure because of the cost. If insurance coverage is unavailable or insufficient to cover any such claims, an operator's financial resources, results of operations and prospects, as well as the Company's financing, could be adversely affected.

Maintaining a public listing is costly and will add to the Company's legal and financial compliance costs.

As a public company, there are costs associated with legal, accounting and other expenses related to regulatory compliance. Securities legislation and the rules and policies of the CSE require listed companies to, among other things, adopt corporate governance and related practices, and to continuously prepare and disclose material information, all of which add to a company's legal and financial compliance costs. The Company may also elect to devote greater resources than it otherwise would have on communication and other activities typically considered important by publicly traded companies.

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 Shares. Even if the Company is involved in litigation and wins, litigation can redirect significant resources.

The Company may experience difficulty implementing its business strategy.

The growth and expansion of the Company is heavily dependent upon the successful implementation of its business strategy. There can be no assurance that the Company will be successful in the implementation of its business strategy.

Conflicts of interest involving the Company's directors and officers may arise and may be resolved in a manner that is unfavourable to the Company.

Certain of the Company's directors and officers are, and may continue to be, involved in other business ventures through their direct and indirect participation in corporations, partnerships, joint ventures, etc. that may become potential competitors of the technologies, products and services the Company intends to provide. Situations may arise in connection with potential acquisitions or opportunities where the other interests of these directors and officers conflict with or diverge from the Company's interests. In accordance with applicable corporate law, directors who have a material interest in or who is a party to a material contract or a proposed material contract with the Company are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors and officers are required to act honestly and in good faith with a view to the Company's best interests. However, in conflict of interest situations, the Company's directors and officers may owe the same duty to another company and will need to balance their competing interests with their duties to the Company. Circumstances (including with respect to future corporate opportunities) may arise that may be resolved in a manner that is unfavourable to the Company.

Risks Factors (Continued)

The available talent pool may not be large enough for the Company to identify and hire personnel required to develop the business, which may mean that the growth of the Company's business will suffer.

As the Company grows, it will need to hire additional human resources to continue to develop the business. However, experienced talent in the areas of financings and cannabis may be difficult to source, and there can be no assurance that the appropriate individuals will be available or affordable to the Company. Without adequate personnel and expertise, the growth of the Company's business may suffer.

If the requirements of the Investment Company Act of 1940 (the "1940 Act") were imposed on the Company, such requirements would adversely affect our operations.

The Company intends to conduct its operations so that it is not required to register as an investment company under the 1940 Act. Section 3(a)(1)(A) of the 1940 Act defines an investment company as any issuer that is or holds itself out as being engaged primarily in the business of investing, reinvesting or trading in securities. Section 3(a)(1)(C) of the 1940 Act defines an investment company as any issuer that is engaged or proposes to engage in the business of investing, reinvesting, owning, holding or trading in securities and owns or proposes to acquire investment securities having a value exceeding 40% of the value of the issuer's total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis, which we refer to as the 40% test. Excluded from the term "investment securities," among other things, are securities issued by majority-owned subsidiaries that are not themselves investment companies and are not relying on the exception from the definition of investment company set forth in Section 3(c)(1) or Section 3(c)(7) of the 1940 Act.

The Company is organized as a holding company that conducts business primarily through wholly-owned or majority-owned subsidiaries. The Company intends to conduct operations so that it complies with the 40% test. The Company will monitor our holdings to comply with this test. Failure to comply with the 40% test could require the Company to register as an investment company under the 1940 Act, which would have a material adverse effect on our operations.

There could be adverse tax consequence for our shareholders in the United States if we are deemed a passive foreign investment company.

Under United States federal income tax laws, if a company is (or for any past period was) a passive foreign investment company (which we refer to as "PFIC"), it could have adverse United States federal income tax consequences to U.S. shareholders even if the company is no longer a PFIC. The determination of whether we are a PFIC is a factual determination made annually based on all the facts and circumstances and thus is subject to change. Furthermore, the principles and methodology used in determining whether a company is a PFIC are subject to interpretation. The Company believes based on current business plans and financial expectations that it may be a PFIC for the current tax year and future tax years. United States purchasers of our common shares are urged to consult their tax advisors concerning United States federal income tax consequences of holding our common shares if we are considered to be a PFIC.

If we are a PFIC, U.S. holders would be subject to adverse U.S. federal income tax consequences such as the ineligibility for any preferred tax rates on capital gains, the ineligibility for actual or deemed dividends, interest charges on certain taxes treated as deferred, and additional reporting requirements under U.S. federal income tax laws or regulations. Whether or not U.S. holders make a timely qualified electing fund (or QEF) election or mark-to-market election may affect the U.S. federal income tax consequences to U.S. holders with respect to the acquisition, ownership, and disposition of our common shares and any distributions such U.S. holders may receive. Investors should consult their own tax advisors regarding all aspects of the application of the PFIC rules to our common shares.

FORM 7

MONTHLY PROGRESS REPORT

Name of Listed Issuer: **TIDAL ROYALTY CORP. (the "Issuer")**.

Trading Symbol: **RLTY.U**

Number of Outstanding Listed Securities: **261,397,661 Common shares were issued and outstanding as of December 31, 2018**

Date: **January 7, 2019 (for the month of December 2018)**

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by Exchange Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the Exchange website.

This report is intended to keep investors and the market informed of the Issuer's ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the Policies. The discussion in this report must be factual, balanced and non-promotional.

General Instructions

- (a) Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

Report on Business

1. Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month. Where the Issuer was inactive disclose this fact.

The Issuer is a provider of royalty financing to the US regulated cannabis industry. The Issuer's business objective is to provide capital solutions to companies in the regulated cannabis industry with large-scale potential and a highly-skilled and experienced management team so that they can grow their business. The Issuer is also engaged in discussions with counterparties and is in the process of evaluating multiple additional financing opportunities across the United States.

See Item 2 below for a summary of the Issuer's business and operations during the month of December 2018.

2. Provide a general overview and discussion of the activities of management.

During the month of December 2018, the Issuer:

- filed its interim financial statements and management discussion and analysis for the period ended October 31, 2018;
- filed an amendment no. 2 registration statement on Form 20-F and a response letter with the Securities Exchange Commission (the "SEC") to rectify the historical filing deficiencies of the Issuer's predecessor entity, Elkhorn Gold Mining Corp.;
- terminated the letter of intent with CannaRoyalty Corp. announced August 27, 2018 following completion of its due diligence investigation; and
- received confirmation that the SEC had completed its review of the Issuer's registration statement on Form 20-F. The effectiveness of the registration statement on Form 20-F rectifies the filing deficiencies of the Issuer's predecessor entity, Elkhorn Gold Mining Corp.

3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

There were no new products or services developed or offered during the month of December 2018.

4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

There were no products or services discontinued during the month of December 2018.

5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

There were no new business relationships entered into between the Issuer, the Issuer's affiliates or third parties during the month of October 2018.

6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

During the month of December 2018, the Issuer terminated the letter of intent with CannaRoyalty Corp. announced August 27, 2018 following completion of its due diligence investigation.

7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

There were no asset acquisitions or dispositions by the Issuer during the month of December 2018.

8. Describe the acquisition of new customers or loss of customers.

There were no acquisitions of new customers or loss of customers during the month of December 2018.

9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.

There were no new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks during the month of December 2018.

10. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.

There were no employee hirings, terminations or lay-offs during the month of December 2018.

11. Report on any labour disputes and resolutions of those disputes if applicable.

There were no labour disputes during the month of December 2018.

12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

There were no legal proceedings to which the Issuer became a party during the month of December 2018.

13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

There was no indebtedness incurred or repaid by the Issuer during the month of December 2018.

14. Provide details of any securities issued and options or warrants granted.

During the month of December 2018, the following securities were issued:

Date of Issue	Security	Number Issued	Details of Issuance
Dec. 12, 2018	Options	5,750,000	Exercisable at a price of USD\$0.115 for a period of five years
Dec. 13, 2018	Common Shares	1,600,000	Exercise of Warrants

15. Provide details of any loans to or by Related Persons.

There were no loans to or by Related Persons during the month of December 2018.

16. Provide details of any changes in directors, officers or committee members.

There were no changes in directors, officers or committee members during the month of December 2018.

17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

The trends and risks which are likely to impact the Issuer are detailed in the Issuer's Management Discussion & Analysis dated December 18, 2018 (the "MD&A") under the heading "Risk Factors". The MD&A is available on the Issuer's SEDAR profile at www.sedar.com.

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated: **January 7, 2019**

Terry Taouss

Name of Director or Senior
Officer

"Terry Taouss"

Signature

President

Official Capacity

Issuer Details Name of Issuer	For Month End	Date of Report YY/MM/D
Tidal Royalty Corp.	December 2018	2019/01/07
Issuer Address		
789 West Pender Street, Suite 810		
City/Province/Postal Code	Issuer Fax No.	Issuer Telephone No.
Vancouver, B.C., V6C 1H2	(604) 687-3141	(604) 687-2038
Contact Name	Contact Position	Contact Telephone No.
Theo van der Linde	CFO & Director	(778) 834-6272
Contact Email Address	Web Site Address	
theo@pashleth.com	N/A	