HILL STREET BEVERAGE COMPANY INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE SIX MONTH PERIOD ENDING DECEMBER 31, 2018

The following management's discussion and analysis ("**MD&A**") provides a review of the activities, results of operations and financial condition of Hill Street Beverage Company Inc. (the "**Corporation**" or "**Hill Street**") for the three months ended December 31, 2018 in comparison with the three months ended December 31, 2017, the six months ended December 31, 2018 in comparison with the six months ended December 31, 2017 and the year ended June 30, 2018. These comments should be read in conjunction with the audited financial statements 2018 and 2017 and accompanying notes included therein, which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"). This MD&A has been prepared as of February 27, 2019. Additional information relating to Hill Street is available on SEDAR.

All amounts are stated in Canadian dollars unless otherwise identified.

FORWARD-LOOKING STATEMENTS

Except for the historical information contained herein, the discussion in this MD&A contains certain forward-looking statements that involve risks and uncertainties, such as statements of Hill Street's plans, objectives, strategies, expectations and intentions. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may", "will", "expect", "intend", "anticipate", "seek", "plan", "believe" or "continue" or the negatives of these terms or variations of them or similar terminology. Although Hill Street believes that the expectations and assumptions reflected in these forward-looking statements are reasonable, undue reliance should not be placed on these forward-looking statements. These forward-looking statements are not guarantees and reflect Hill Street's views as of February 27, 2019 with respect to future events. Future events are subject to certain risks, uncertainties and assumptions, which may cause actual performance and financial results to differ materially from such forward-looking statements. The forward-looking statements, including the statements regarding expected volumes, operating efficiencies and costs are based on, among other things, the following material factors and assumptions: sales volumes in the quarter will increase; no material changes in consumer preferences; brewing, blending, and packaging efficiencies will improve; the cost of input materials for brewing and blending will increase; competitive activity from other manufacturers will continue; foreign currency exchange rates will change; no material change to the regulatory environment in which Hill Street operates and no material supply, cost or quality control issues with vendors. Readers are urged to consider the foregoing factors and assumptions when reading the forward-looking statements and for more information regarding the risks, uncertainties and assumptions that could cause Hill Street's actual financial results to differ from the forward-looking statements, to also refer to the remainder of the discussion in this MD&A, Hill Street's various other public filings as and when released by Hill Street. The forward-looking statements included in this MD&A are made only as of February 27, 2019 and, except as required by applicable securities laws, Hill Street does not undertake to publicly update such forward-looking statements to reflect new information, future events or otherwise.

DESCRIPTION OF THE BUSINESS

The Corporation presently has one business segment, the marketing and distribution of alcohol-free beer and wine in Canada and, to a much lesser, the United States. Hill Street sells its products online and in approximately 4,000 recognized retail chain stores through licensed distributors in Canada. In the quarter, the company also announced significant new distribution and retail listings, giving it an addressable retail market of nearly 7,000 stores, with significant new coverage of the independent retail channel across Canada via National Importers, and the "depanneur" or corner store retail segment in Quebec via Clark, Drouin, Lefebvre. It also provides direct to consumer sales and a monthly subscription service at www.hillstreetbeverages.com. In addition, the Corporation is focusing on expanding its business segments to include Cannabis infused beverages later in 2019 or 2020 when Cannabis edibles become legal.

INNOVATIVE PRODUCTS AND ADDRESSABLE MARKETS

Non-Alcoholic Adult Beverages

The Non–Alcoholic retail segment remains one of the fastest growing segments in the beverage category according to Nielsen, the leading retail analytic company. This growth has created an interesting inflection point in how retailers manage the category. Retailers are now evolving from "transactional" to a more "strategic" approach. Most large box retailers have already or are about to implement new planograms for this category designed to optimize sales and profit. They look for relevant and interesting product portfolios and the vendors who can support and grow the category.

Hill Street's launch of four new Vin(Zero) wines and two Hill Street craft beers in the first quarter were met with strong interest in the retail channel. The portfolio of products saw an increase in distribution in quarter ended December 31, 2018 ("**FY19Q2**") with the expansion into the Sobeys and Safeway chains in western Canada as well a commitment to expand multiple new listings nationally in the upcoming third quarter. Loblaws Corporation Limited (LCL) also remains a strong partner with both a commitment to expand our branded portfolio of listings in their Loblaws, Zehrs and Fortino's chains and to expand their private label listings that Hill Street produces in the Fall 2019.

According to Nielsen, Quebec is the largest market in Canada for Non-Alcoholic wine and beer beverages with over 3000 points of retail distribution actively selling them. In the quarter ended December 31, 2018, Hill Street signed an exclusive sales and distribution agreement with Clark Drouin Lefebvre (CDL) to begin the brand's market penetration.

Cannabis-Infused Adult Beverages

In addition to building our alcohol-free beverage business, Hill Street recognized early that the regulations permitting the use of recreational cannabis prohibited mixing alcohol and cannabis in commercial products. Therefore, if a beer or wine company wanted to make cannabis-infused versions of their beverages, they must first be able to produce great tasting alcohol-free versions before they can add the cannabis. Hill Street is an award-winning producer of alcohol-free adult beverages with over a decade of experience in producing these products.

Hill Street filed its application for a standard processor license under the Access to Cannabis for Medical Purposes Regulations Act in October 2018. Hill Street has updated and amended its application under the new Cannabis Act, Bill C-45, to become a legal producer of cannabis infused beverages when edible forms of cannabis become legal in late 2019 or early 2020. This legalization is dependant on the issuance of the final regulations for these products from Health Canada. Our partnership with Lexaria Bioscience, announced in July 2018, has resulted in the company procuring the equipment necessary to produce the material for infusing our beverages from cannabis extracts. In the quarter the Corporation and Lexaria focused on the training and development work as well as production planning for our cannabis beverage production facility. Lexaria's patented technology was given a significant boost with a major investment from global tobacco giant, Altria, providing further credence that Hill Street's choice of their technology was a prudent decision.

We continue discussions with a number of licensed producers to provide cannabis extracts for use in our proposed beverages, as well as engaging with a wide array of companies who wish to use Hill Street's proposed facilities for copacking purposes. We anticipate revenues from copacking for other cannabis companies to become a portion of our revenues once our manufacturing facility is up and running.

OVERALL PERFORMANCE

The quarter ended December 31, 2018 represents the second quarter for the Company for the fiscal year ending June 30, 2019. Gross revenues for the quarter ended December 31, 2018 decline by 12% compared to the quarter ended December 31, 2017, representing growth of approximately 36% over last year driven by a strong first quarter.

Hill Street's second quarter was highlighted by major advancements in distribution and sales activities, while continuing to prepare for the launch of cannabis infused beverages. Notable achievements included the signing of a sales and distribution agreement with Clark Drouin Lefebvre ("**CDL**"), enabling the Corporation to access the important Quebec marketplace - including the approximately three thousand "depanneurs", independent corner stores - which make up an important segment of the Quebec retail marketplace. Quebec is one of the more robust alcohol-free wine markets in Canada, consuming about 38% of the total alcohol-free wine sold in Canada, while representing only 27% of the Canadian population. The Corporation's partnership with CDL should also provide coverage and access to the regional head offices of the major grocery and drug chains in Quebec, including Circle K, Jean Coutu, Metro, PharmaPrix, and other key regional accounts.

During the quarter ended December 31, 2018, Hill Street produced original creative content and social media elements to build awareness for Hill Street's brands, and the benefits of going alcohol free. This culminated with the launch of the "Hill Street Challenge" near the end of quarter, to coincide with the burgeoning "Dry January" and "Dry February" cultural and health movements. The "Hill Street Challenge" was launched in partnership with Prostate Cancer Canada and The Arthritis Society, with the goal of driving a connection to our brands, and to show that living alcohol free can be easy, and that giving up alcohol does not mean you need to give up wine and beer.

THE HILL STREET CHALLENGE

According to the results of a December 2018 survey we conducted with 1,475 randomly selected Canadian adults, one in seven Canadian drinkers meets the Center for Disease Control's definition of an "excessive drinker" based on their stated weekly alcohol consumption. However, 41% of Canadians have abstained or have considered abstaining from alcohol for a period of time, and 1 in 5 Canadians are open to drinking alcohol-free beverages to help them do so.

Based on these insights, Hill Street developed the "Hill Street Challenge", our first fully-integrated marketing campaign. The Hill Street Challenge capitalizes on a growing trend to go "Dry" for the month of January, and is designed to build awareness of the Hill Street brand amongst Canadians and ultimately drive trial of our alcohol-free products. Beginning with a teaser-campaign (December 27th to January 1st), the Challenge encourages people to go alcohol-free for 30 days, and suggests they can easily replace their usual beverages with products from the Hill Street portfolio.

The campaign is supported using a number of creative elements. The company's marketing agency created five humorous videos (each one outlining a different benefit of going alcohol-free), a number of digital ads and social media posts, and a landing page for the challenge at www.hillstreetchallenge.com.

The Hill Street Challenge represents an investment in establishing both the Hill Street brand and the idea that Hill Street alcohol-free beverages are a better alternative to alcoholic drinks. By communicating the benefits of going alcohol-free in an attention-grabbing fashion, Hill Street is positioning itself as a leader in the rapidly-growing alcohol-free category, and the first choice for people who want to give up on alcohol without giving up on taste. Establishing the Hill Street brand with consumers is critical not only for our continued success in the alcohol-free category, but also because we intend to leverage the Hill Street name when cannabis-infused beverages are introduced to our portfolio later this year.

SOCIAL RESPONSIBILITY

At the core of Hill Street's social responsibility platform is the formation of strategic partnerships which allow for the interlinked brand benefits of being a benefactor to different Canadian health research organizations while allowing Hill Street a trusted platform for marketing its brands to consumers who cannot or will not consume alcohol for medical reasons.

In the period noted, Hill Street finalized exclusive agreements in the adult format beverage category with two notable research organizations: Arthritis Society Canada and Multiple Sclerosis Society of Canada. Each of these organizations proactively advises their constituents to not consume alcoholic beverages due to their medical conditions. Moreover, they are each thought-leaders in the medical research sector in issuing guidance to their constituents concerning cannabis use. The Arthritis Society in particular has adopted a firm leadership position in advocating for easy access to medical cannabis, and has the opportunity to become a valued ally with Hill Street in the future. It is expected that the same leadership position on the therapeutic aspects of cannabis will be promoted by the MS Society.

Early partnerships include the Canadian Liver Foundation, Weight Watchers Canada (now identified as WW Canada), March of Dimes Canada and Prostate Cancer Canada. These organizations have varying degrees of resources, but each has added value to the Hill Street strategy in their unique ways.

These partnerships are also instrumental in advancing the conversations with other larger Canadian medical and health research organizations who have congruent goals with Hill Street in the cannabis sector, and where alcohol plays a negative role in treatment or causality of medical conditions such as cancer or heart disease.

With the introduction of cannabis-infused beverages, these partnerships will increase in their importance, as the partners will provide a valuable platform for Hill Street to be able to share information around the benefits of cannabis-infused beverages for lifestyle and health.

CANNABIS LICENSING

In December 2018, Health Canada released its draft proposed regulations for cannabis infused edibles, together with an sixty day public consultation period. Hill Street has decided to approach the regulations proactively, and have begun structuring its affairs to comply with the regulations as currently proposed. Hill Street is actively engaging with industry leaders to comment and advise on the draft regulations, with the goal of improving those regulations for all industry participants.

Hill Street's application for a Standard Processor License ("**SPL**") under the *Cannabis Act (Canada)*, is progressing with Health Canada. Hill Street has completed all the necessary security clearances for all board members, key personnel, and executives as part of its application. When granted, the SPL will permit Hill Street to manufacture and process cannabis products, with the goal of creating cannabis infused beverages, once regulations permit.

PRODUCTION

The ability to procure market ready de-alcoholized wine and beer has increased greatly with the dramatically increased demand for these types of products in the global marketplace, as can be evidenced by reports from major breweries and organizations that track and comment on beverage trends and market share such as Nielsen and Euromonitor. Hill Street has opted to look for production ready equipment from existing suppliers, and will continue to purchase bulk wine and beer from third parties until such time as our own production facilities for both conventional and infused wine and beer are operational.

SELECTED QUARTERLY INFORMATION

The following table summarizes certain financial information of the Corporation for the quarters indicated below:

	Dec 31, 2018	Sept 30, 2018	June 30, 2018	Mar 31, 2018	Dec 31, 2017	Sept 30, 2017	June 30, 2017	Mar 31, 2017
Gross Revenue	$527,652	$793,867	$155,140	$364,427	$599,048	$373,040	$395,365	$76,579
Net Revenue	$395,356	$511,607	$81,943	$248,093	$125,485	$202,754	$116,503	$8,153
Direct Costs	$169,569	$294,613	$98,912	$19,898	$244,532	$120,377	$174,861	$15,017
Gross Profit	$225,787	$216,994	$-16,969	$228,195	$119,047	$82,377	$-58,358	$-6,864
Net Loss (gain)	$1,443,020	$10,137,920	$1,392,424	$644,880	$439,405	$166,527	$818,883	$182,416
Total Assets	$2,997,226	$4,502,946	$2,845,751	$1,650,397	$598,745	$725,053	$518,429	$557,771
Total Liabilities	$743,463	$1,069,283	$1,387,534	$674,059	$1,753,076	$1,602,343	$1,247,770	$1,073,006
Shareholder Equity	$2,253,763	$3,433,633	$1,458,217	$976,338	$-1,154,331	$-876,290	$-729,341	$-515,235

RESULTS OF OPERATIONS

The following table summarizes certain financial information of the Corporation for the six months ended December 31, 2018 and December 31, 2017. Gross revenues for the quarter ended December 31, 2018 decline by 12% compared to the quarter ended December 31, 2017. YTD growth of 36% over last year driven by a strong first quarter.

Results for the Period Ended	Quarter Ended December 31, 2018	Quarter Ended December 30, 2017	Six Months Ended December 31, 2018	Six Months Ended December 31, 2017
Gross Revenue	$527,652	$599,048	$1,321,591	$972,088
Chargebacks and listing fees	$-132,296	$-473,563	-$414,574	-$643,849
Net Revenue	$395,356	$125,485	$906,945	$328,239
Direct Costs	$-169,569	$-244,532	-$464,444	-$364,909
Gross profit	**$225,787**	**$-119,047**	**$442,501**	**$-36,670**
Operating Expenses	**$1,145,038**	**$320,037**	**$2,031,588**	**$573,958**
Other One-time Expenses	**$230,867**	**-**	**$535,542**	**-**
Non Cash Expenses	**$262,493**	**$481**	**$483,779**	**$962**
Loss before other Income (Expense)	**-$1,412,611**	**-$439,565**	**-$2,608,408**	**-$611,590**
Other income (Expenses)				
Charges related to RTO	-	-	$-8,921,869	
Foreign exchange gain (loss)	$-1,168	$160	$-16,055	$5,658
Write-off of inventory	$-59,449	-	$-67,456	-
Other Income	$30,208	-	$32,848	-
Loss and comprehensive loss for the period	**$1,443,020**	**$439,405**	**11,580,940**	**$605,932**
Basic and diluted loss per common share	**$0.02**	**$0.87**	**$0.15**	**$1.21**
Weighted average number of common shares outstanding	**87,112,165**	**503,718**	**76,224,512**	**502,298**

REVENUES

During the three months ended December 31, 2018, gross revenues were $527,652 compared to $599,048 for the three months ended December 31, 2017. Gross revenue declined by $216,512 from Q1 2019 to Q2 2019 as a result of a large purchase made by a single retailer in fiscal Q1 2019 that has since een sold through to consumers and which has been renewed. During the six months ended December 31, 2018, gross revenues were $1,321,519 compared to $972,088 for the same period year ago, representing an increase of 36%. This 36% growth is consistent with our continued expectations for increasing revenues through the back half of our fiscal year. We invested heavily in marketing and promotional activities during the quarter ended December 31, 2018 and investors will begin to see the results from that spend in brand and volume gains. In the short-term, investors will see evidence of our marketing activities in the soon-to-be-released results from our Hill Street Challenge.

Net revenues for the three months ended December 31, 2018 were $395,356 compared to $125,485 in the same period year ago, representing an increase of 215%. Net revenues are calculated by deducting from gross revenues the costs of chargebacks and listing fees paid to distribute products. Net revenue was up for the quarter, year over year, despite a slight decline in sales due to the reclassification of some contra revenue items to operating expenses in accordance with IFRS. Net revenues for the six months ended December 31, 2018 were $906,945 compared to $328,239 in the six months ended December 31, 2017, representing an increase of approximately 176%.

Chargebacks were $187,345 in the six months ended December 31, 2018 compared to $320,755 for the six months ended December 31, 2017. Distribution fees were $220,826 in the six months compared to $249,150 in 2017 primarily driven by the reclassification.

Chargebacks are fees charged by retailers and distributors for advertising and promotion programs and fees charged by distributors to distribute product. Listing fees represent the fees charged by retailers to have product available for sale in such retail establishments. Chargebacks and listing fees represented 25% of gross revenues for the three months ended December 31, 2018, compared to 79% for the three months ended December 31, 2017. For the six months ended December 31, 2018, chargebacks and listing fees represented 31% of gross revenues compared to 66% for the six months ended December 31, 2017. The drop in these fees can be attributed to the reclassification of some of these items to operating expenses in accordance with IFRS.

For the three months ended December 31, 2018, Hill Street had net loss of $1,443,020 compared to a loss of $439,405 in the three months ended December 31, 2017, driven by increased employee related expenses and the marketing, advertising and promotional efforts of the Corporation to support the Hill Street Challenge. For the six months ended December 31, 2018 Hill Street had net loss of $11,580,940 compared to a loss of $605,932 in the six months ended December 31, 2017 principally due to onetime, non-cash expenses of the Corporation relating to the completion of the RTO.

COST OF SALES/DIRECT COSTS

Direct costs were $169,569 for the three months ended December 31, 2018, a decrease from $244,532 for the previous three months ended December 31, 2017. Cost of sales represented 32% of gross revenue in the three months compared to 41% in 2017 driven by the reclassification of freight in charges accordance with IFRS . Direct costs were $464,444 for the six months ended December 31, 2018, an increase from $364,909 for the previous six months ended December 301, 2017. Cost of sales represented 35% of gross revenue in the six months compared to 38% in 2017. This increase was primarily driven by an increase in finished wine product costs and associated foreign exchange.

OPERATING EXPENSES

Operating expenses include marketing expenses, bank charges, commissions, depreciation, dues and licenses professional fees, salaries, and other general and administrative expenses. For the six months ended December 31, 2018, operating expenses totaled $3,050,909 compared to $574,920 for the six months ended December 31, 2017. The principal drivers of the increase in operating expenses were advertising and promotion expenses ($713,041), and employee related costs ($1,133,022 of which $483,136 is a non-cash stock options expense for the six months ended December 31, 2018, compared to $317,586 for the six months ended December 31, 2017. The Corporation anticipates that revenues will continue to increase in subsequent quarters to offset operating expenditures. The Corporation will be reviewing and tracking these items in subsequent quarters.

ONE TIME AND NON CASH EXPENSES

In addition to ordinary operating expenses, the Corporation incurred a number of onetime expenses and non cash expenses during the three months ended December 31, 2018 totaling $493,360. These expenses are comprised of expenses relating to M&A, Cannabis consulting, Investor relations, Stock Option expense and depreciation. For the six month ended December 31, 2018 one time and non cash expenses totaled $1,019,321.

OTHER EXPENSES

For the six months ended December 31, 2018 the Corporation incurred other non cash expense of $8,921,869 relating to the RTO from the first quarter. Inventory write off was $67,456 for the six months ended December 31, 2018, this was due to $59,449 that was written off in the second quarter due to an error in nutritional product labelling.

NET EARNINGS

The Corporation recorded a net loss of $1,443,020 for the three months ended December 31, 2018 compared to a loss of $439,405 for the three months ended December 31, 2017. For the six months ended December 31, 2018, the Corporation recorded a net loss of $11,580,940 compared to a loss of $605,932 for the six months ended December 31, 2017. The YTD increase is driven by the accounting treatment for a reverse takeover transaction the Corporation completed with HSM in the first quarter. The acquisition of HSM was accounted for as reverse takeover transaction that was not a business combination and effectively a capital transaction of the Corporation at a deemed (non-cash) expense of $8,921,869 recorded in the first quarter.

The basic and diluted loss per share for the three months ended December 31, 2018 was 0.02 per share. The basic and diluted earnings loss per share for the three months ended was December 31, 2017 was 0.87 per share. The basic and diluted loss per share for the six months ended December 31, 2018 was 0.15 per share. The basic and diluted earnings loss per share for the six months ended December 31, 2017 was 1.21 per share.

LIQUIDITY AND CAPITAL RESOURCES

FINANCIAL POSITION

The Corporation's principal capital needs are to support the investment in the production of cannabis infused beverages. Since its formation, the Corporation has financed its additional cash requirements through revenues generated from operations, issuance of securities and borrowing from shareholders and other lenders.

The company has positive working capital and will continue to focus on cost management and revenue growth. However, it is likely the company will need to raise capital through debt or equity financings in the near future.

WORKING CAPITAL

Working capital represents current assets less current liabilities. As of December, 31, 2018, the Corporation had a working capital of $2,245,728 compared to a working capital of $1,454,523 for the six months and ended December 31, 2017.

CASH FLOWS

During the six months ended December 31, 2018, Hill Street generated negative cash flows from operations of $3,774,974 compared to negative cash flow of $367,925 during the six months ended December 31, 2017. The amount of cash (used) in investing activities in the six months ended December 31, 2018 was $4,984 compared to $64 in the six months ended December 31, 2017. The amount of cash provided by financing activities in during the six months ended December 31, 2018 was $2,749,581 compared to $405,614 in the six ended December 31, 2017.

CONTRACTUAL OBLIGATIONS

A summary of the Corporation's contractual obligations for future periods is as follows:

	Payments due by Period					
Contractual Obligations	**2019**	**2020**	**2021**	**2022**	**2023**	**Total**
Bank Debt Obligations (principal and interest)	$0	$0	$0	$0	$0	$0
Contractual Royalty Obligations	$165,034	$265,000	$25,000	$12,500	$	$480,034
Operating Leases	$0	$0	$0	$0	$0	$0
Purchase Obligations	$116,380	$0	$0	$0	$0	$116,380
Other Debt Obligations	$0	$0	$0	$0	$0	$0
Total	$281,413	$265,000	$25,000	$12,500	$0	$596,413

SHARE CAPITAL

The Corporation is authorized to issue an unlimited number of Common Shares of which 87,112,261 Common Shares are issued and outstanding as of the date hereof.

CAPITAL RESOURCES

As of December 31, 2018, the Corporation did not have commitments for capital expenditures.

OFF BALANCE SHEET ARRANGEMENTS

Hill Street does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the financial performance or financial condition of the Corporation.

TRANSACTIONS WITH RELATED PARTIES

The Company considers its executive officers and directors to be key management personnel. The Company incurred the following amounts to related parties during the respective periods for key management personnel compensation.

During six month period ended December 31,	**2018**	**2017**
Management Salaries	992,048	190,178

Included in accounts payable as at December 31, 2018 is $190,683 (June 30, 2018: $127,040) payable to Directors and Officers of the Company for management compensation. The amount is non-interest bearing, unsecured and due on demand.

LEGAL PROCEEDINGS

There are no legal proceedings material to Hill Street to which Hill Street is a party to or of which any of its property is the subject matter, and there are no such proceedings known to Hill Street to be contemplated.

CRITICAL ACCOUNTING ESTIMATES

The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. While income tax filings are subject to audits and reassessments, the Company has adequately provided for all income tax obligations. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in the provision for income taxes.

Calculation of the net book value of machinery and equipment requires Management to make estimates of the useful economic life of the assets, residual value at the end of the asset's useful economic life, method of depreciation and whether impairment in value has occurred. Residual values of the assets, estimated useful lives and depreciation methodology are reviewed annually with prospective application of any changes, if deemed appropriate. Changes to estimates could be caused by a variety of factors, including changes to the physical life of the assets. A change in any of the estimates would result in a change in the amount of depreciation and, as a result, a charge to net income recorded in the period in which the change occurs, with a similar change in the carrying value of the asset on the balance sheet.

CRITICAL FUTURE ACCOUNTING POLICIES

IFRS 9: New standard that replaced IAS 39 for classification and measurement, tentatively effective for annual periods beginning on or after January 1, 2018. Partial replacement of IAS 39 Financial Instruments: Recognition and Measurement. This standard is effective for annual periods beginning on or after January 1, 2018. The Company will adopt IFRS 9 effective July 1, 2018. The Company has evaluated the impact of this standard and does not expect it to have a material impact.

IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The Company will adopt IFRS 15 effective July 1, 2018. The Company is currently evaluating the impact of this standards.

IFRS 16, "Leases", was issued in January 2016, and replaces IAS 17,"Leases" ("IAS 17"). IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Certain leases will be exempt from these requirements. IFRS 16 is effective for periods beginning on or after January 1, 2019. The Company has evaluated the impact of this standard and does not expect it to have a material impact.