CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017
UNAUDITED, EXPRESSED IN CANADIAN DOLLARS UNLESS OTHERWISE NOTED

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL RESULTS

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company as at, and for the three and six months ended June 30, 2018 and 2017, have been prepared in accordance with IFRS and are the responsibility of the Company's management. The interim financial statements and related financial reporting matters have been reviewed and approved by the Audit Committee.

The Company's independent auditor has not performed a review of these unaudited Condensed Consolidated Interim Financial Statements as at and for the three and six months ended June 30, 2018 and 2017 in accordance with the standards established by the Canadian Institute of Chartered Professional Accountants for a review of interim financial statements by an entity's auditor.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017

UNAUDITED, EXPRESSED IN CANADIAN DOLLARS UNLESS OTHERWISE NOTED

	Note	June 30, 2018	December 31, 2017
Assets			
Current			
Cash		**3,166,581**	-
Accounts receivable		**277,951**	323,601
Prepaid expenses and deposits	5	**811,915**	10,739
		4,256,447	334,340
Investments	9	**1,125,000**	
Property, plant and equipment	6	**10,880,552**	10,676,943
Total Assets		**$ 16,261,999**	$ 11,011,283
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities		**$ 334,305**	$ 564,739
Bank debt	7	**-**	2,272,399
		334,305	2,837,138
Decommissioning obligations	8	**4,037,925**	4,001,215
		4,037,925	6,838,353
Total Liabilities		**4,372,230**	4,001,215
Shareholders' equity			
Share capital	10	**23,453,630**	14,940,681
Contributed surplus	13	**4,806,157**	1,474,236
Deficit		**(16,370,018)**	(12,241,987)
		11,889,769	4,172,930
Total Liabilities & Shareholders' Equity		**$ 16,261,999**	$ 11,011,283

SIGNED ON BEHALF OF THE BOARD

"Dan Wilson"
Director

"Bill Macdonald"
Director

The accompanying notes are an integral part of the Condensed Consolidated Interim Financial Statements.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017
UNAUDITED, EXPRESSED IN CANADIAN DOLLARS UNLESS OTHERWISE NOTED

	Note	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Revenue					
Oil and natural gas sales	16	**$ 612,510**	$ 766,946	**$ 1,191,049**	$ 1,692,834
Royalties		**(49,421)**	(84,842)	**(113,212)**	(170,233)
Net revenue		**563,089**	682,104	**1,077,837**	1,522,601
Expenses					
Production, operating and transportation		**149,670**	273,193	**337,737**	617,873
General and administrative		**521,530**	148,516	**892,643**	266,453
Stock based compensation		**2,911,087**	-	**3,527,211**	-
Finance expense		**21,467**	32,450	**59,377**	52,318
Depletion and depreciation	6	**142,030**	211,254	**244,634**	465,550
Impairment	6	**-**	-	**-**	117,835
Total expenses		**3,745,784**	665,413	**5,061,602**	1,520,029
Operating (loss)/income for the period		**(3,182,695)**	16,691	**(3,983,765)**	2,572
Other loss		**(144,266)**	-	**(144,266)**	-
Comprehensive (loss)/income for the period		**$ (3,326,961)**	$ 16,691	**$ (4,128,031)**	$ 2,572
Comprehensive (loss) income per share, basic and diluted	14	**$ (0.02)**	$ 0.00	**$ (0.03)**	$ 0.00

The accompanying notes are an integral part of the Condensed Consolidated Interim Financial Statements.

UNAUDITED, EXPRESSED IN CANADIAN DOLLARS UNLESS OTHERWISE NOTED

	Note	Six months ended June 30, 2018 Number		($) Amount	Six months ended June 30, 2017 Number		($) Amount
Share capital							
Balance, beginning of period		**88,950,484**	**$**	**14,940,681**	70,061,595	$	13,969,981
Issuance of common shares	10	**122,222,222**		**8,250,000**	18,888,889		1,000,000
Exercise of warrants		**3,400,000**		**187,000**	-		-
Exercise of stock options		**5,950,000**		**492,790**	-		-
Share issuance costs	10	**-**		**(416,841)**	-		(29,300)
Share capital, end of period		**220,522,706**		**23,453,630**	**86,950,484**		**14,940,681**
Warrants							
Balance, beginning of period		**21,031,745**		**-**	2,142,856		-
Warrants exercised		**(3,400,000)**		**-**	-		-
Warrants expired	11	**(15,488,889)**		**-**	-		-
Warrants issued		**88,727,560**		**-**	18,888,889		-
Warrants, end of period		**90,870,416**		**-**	**21,031,745**		**-**
Contributed surplus					-		-
Balance, beginning of period		**-**	**$**	**1,474,236**	-		1,474,236
Exercise of stock options		**-**		**(195,290)**	-		-
Stock-based compensation expense	13	**-**		**3,527,211**	-		-
Contributed surplus, end of period		**-**		**4,806,157**	-		1,474,236
Deficit							
Balance, beginning of period		**-**		**(12,241,987)**	-		(12,426,711)
Comprehensive (loss) income for the period		**-**		**(4,128,031)**	-		2,572
Balance, end of period		**-**		**(16,370,018)**	-		(12,424,139)
Total Shareholders' equity, end of period		**-**	**$**	**11,889,769**	-	$	3,990,778

The accompanying notes are an integral part of the Condensed Consolidated Interim Financial Statements.

UNAUDITED, EXPRESSED IN CANADIAN DOLLARS UNLESS OTHERWISE NOTED

	Note	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Cash (used in) provided by operating activities:					
Comprehensive (loss) income for the period		**$ (3,326,961)**	$ 16,691	**$ (4,128,031)**	$ 2,572
Adjustments for:					
Depletion and depreciation	6	**142,030**	211,254	**244,634**	465,550
Impairment	6	**-**	-	**-**	117,835
Stock based compensation	12	**2,911,087**	-	**3,527,211**	-
Accretion	8	**20,174**	1,569	**36,710**	3,198
Change in non-cash working capital	15	**(820,662)**	(39,626)	**(726,186)**	(936,184)
Cash provided (used in) by operating activities		**(1,074,332)**	189,888	**(1,045,662)**	(347,029)
Cash (used in) provided by investing activities:					
Additions to property, plant and equipment	6	**(300,366)**	(223,460)	**(448,243)**	(496,408)
Investments	9	**(1,125,000)**	-	**(1,125,000)**	-
Change in non-cash working capital	15	**(366,544)**	(19,565)	**(259,775)**	(497,864)
Cash used in investing activities		**(1,791,910)**	(243,025)	**(1,833,018)**	(994,272)
Cash provided by (used in) financing activities:					
Proceeds from (repayment of) bank debt	7	**-**	53,137	**(2,272,399)**	370,601
Issuance of common shares, net	10	**171,882**	-	**8,317,660**	970,700
Change in non-cash working capital	15	**3,622,419**	-	**-**	-
Cash provided by (used in) financing activities		**3,794,301**	53,137	**6,045,261**	1,341,301
Change in cash		**928,059**	-	**3,166,581**	-
Cash, beginning of period		**2,238,522**	-	**-**	-
Cash, end of period		**$ 3,166,581**	$ -	**$ 3,166,581**	$ -
Interest (received)/paid		**$ (5,466)**	$ 30,881	**$ 15,909**	$ 49,120

The accompanying notes are an integral part of the Condensed Consolidated Interim Financial Statements.

1. Reporting entity

SugarBud Craft Growers Corp. ("SugarBud" or the "Company") (currently trading as Relentless Resources Ltd.) is an Alberta incorporated TSX Venture Exchange listed cannabis and oil and natural gas exploration and production company whose business activities are focused in Alberta, Canada. The Company's head office address is Suite 620, 634 6th Avenue SW, Calgary, Alberta T2P 0S4.

2. Basis of preparation

(a) Statement of compliance:

These condensed interim financial statements have been prepared by management and reported in Canadian dollars in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting". These Condensed Consolidated Interim Financial Statements do not include all of the information required for full annual financial statements and should be read in conjunction with the audited financial statements and notes thereto in the Company's December 31, 2017 Annual Report available on SEDAR at www.sedar.com.

These condensed interim financial statements were approved by the Company's Board of Directors on August 22, 2018.

The financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue operation in the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The ability of the Company to continue as a going concern is dependent on achieving future profitable operations and obtaining additional financing to continue the development of the Company's properties to meet current and future obligations. If, for any reason, the Company is unable to continue as a going concern, it could impact the Company's ability to realize assets at their recognized values and to meet its liabilities in the ordinary course of business at the amounts stated in the financial statements.

(b) Estimates and judgements:

The timely preparation of the condensed interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses during the period. Actual results may differ from these estimates.

In preparing these Condensed Consolidated Interim Financial Statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended December 31, 2017.

3. Significant accounting policies

The Condensed Consolidated Interim Financial Statements have been prepared, for all periods presented, following the same accounting policies and methods of computation as described in Note 3 to the financial statements for the year ended December 31, 2017.

4. Financial risk management

The main financial risks affecting the Company are as follows:

(a) Credit risk:

Credit risk is the risk of financial loss if a customer, partner or counterparty to a financial instrument fails to meet its contractual obligations. Receivables from petroleum and natural gas marketers are normally collected on the 25th day of the month following production and the Company could be at risk for up to 55 days of production from any marketer. The Company sells its production to one petroleum marketer and one natural gas marketer so that the exposure to any one entity is minimized. Oil and NGL sales make up 96% of the Company's revenue and natural gas makes up the remaining 4% of revenue. The Company historically has not experienced any collection issues with its petroleum and natural gas marketers. Joint arrangement receivables are typically collected within one month of the joint arrangement bill being issued to the partner. The Company attempts to mitigate the risk from joint arrangement receivables by obtaining partner approval of significant capital expenditures prior to expenditure. The Company does not typically obtain collateral from joint arrangement partners; it may cash call a partner in advance of the work being performed. The Company establishes an allowance for doubtful accounts as determined by management based on their assessment of collection.

The maximum exposure to credit risk at the financial position date was equal to the carrying value of accounts receivable. As at June 30, 2018 and 2017, all receivables were current and there were no receivables provided for or written off during the period.

(b) Market risk:

Market risk consists of commodity price, foreign currency and interest rate risks.

(i) Commodity price risk:

Commodity price risk is the risk that future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for petroleum and natural gas are impacted by world economic events that dictate the levels of supply and demand, as well as the relationship between the Canadian and US dollar.

The Company is exposed to the risk of declining prices for production resulting in a corresponding reduction in projected cash flow. Reduced cash flow may result in lower levels of capital being available for field activity, thus compromising the Company's capacity to grow production while at the same time replacing continuous production declines from existing properties.

(ii) Foreign currency exchange risk:

Foreign currency exchange rate risk is the risk that future cash flows will fluctuate as a result of changes in foreign exchange rates. Although substantially all of the Company's petroleum and natural gas sales are denominated in Canadian dollars, the underlying market prices in Canada for petroleum and natural gas are impacted by changes in the exchange rate between the Canadian and United States dollar. The Company had no forward exchange rate contracts or foreign denominated assets or liabilities in place as at or during the periods ended June 30, 2018 and 2017.

(iii) Interest rate risk:

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is exposed to interest rate fluctuations on its bank debt which bears a floating rate of interest.

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(c) Fair value measurements:

The carrying value of cash is measured using level 1 inputs, accounts receivable, accounts payable and accrued liabilities included on the statement of financial position approximate their fair values due to the short-term nature of those instruments.

- Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.
- Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

5. Prepaid expenses and deposits

During the six months ended June 30, 2018, SugarBud made a deposit of $750,000 to a vendor for the construction of the cannabis cultivation facility at Stavely, Alberta.

6. Property, plant and equipment ("PP&E")

Assets	**PP&E**
Balance at December 31, 2017	20,922,608
Additions	448,243
Change in decommissioning obligations	-
Balance at June 30, 2018	$ 21,370,851
Depletion, depreciation and impairment	
Balance at December 31, 2017	(10,245,665)
Impairment	-
Depletion and depreciation	(244,634)
Balance at June 30, 2018	$ (10,490,299)
Net book value	
Balance at December 31, 2017	$ 10,676,943
Balance at June 30, 2018	$ 10,880,552

(a) Collateral: At June 30, 2018, all of the Company's oil and natural gas properties are pledged as collateral for the bank debt.

(b) Depletion: At June 30, 2018, estimated future costs to develop the proved plus probable reserves of $7,360,000 (June 30, 2017 - $7,411,000) were added to property, plant and equipment for depletion and depreciation purposes.

(c) Impairments: At June 30, 2018, there were no indications of impairment. Impairment is based on the difference between the net book value of the assets and the recoverable amount.

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7. Demand operating facilities

As at June 30, 2018, the Company had a $3,000,000 demand operating loan facility, subject to the banks' annual review of the Company's petroleum and natural gas properties. Interest payable on amounts drawn under the facility is at the lenders' prime rate plus 2.0 percent. The credit facility was secured by a general security agreement and a first ranking charge on all lands of the Company. Under the terms of the facility, the Company is required to maintain a working capital ratio of not less than 1:1. The working capital ratio is calculated as accounts receivable plus prepaid expenses and the undrawn balance of the loan facility, divided by accounts payable. The Company's working capital ratio at June 30, 2018 was 21.7:1. As at June 30, 2018, the Company had drawn $nil on this loan facility.

Subsequent to June 30, 2018, the Company elected, on its own accord, to cancel its existing oil and gas credit facility with ATB Financial. At the time of cancellation of the credit facility, the credit limit was $3 million, and the Company had drawn $nil on this loan facility.

8. Decommissioning obligations

A reconciliation of the decommissioning obligations is provided below:

	Six months ended June 30, 2018	Year ended December 31, 2017
Balance, beginning of period	$4,001,215	$4,173,061
Dispositions	-	(295,071)
Change in estimate	-	57,080
Accretion	36,710	66,145
Balance, end of period	$4,037,925	$4,001,215

The Company's decommissioning obligations result from its ownership interest in oil and natural gas assets including well sites, facilities and gathering systems. The total decommissioning obligation is estimated based on the Company's net ownership interest in all wells and facilities, estimated costs to reclaim and abandon these wells and facilities and the estimated timing of the costs to be incurred in future years. An average risk-free rate of 1.95% (December 31, 2017 – 1.63%) and an inflation rate of 2.00% (December 31, 2017 – 2.00%) were used to calculate the net present value of the decommissioning obligations. Accretion expense is included in finance expense on the statement of comprehensive loss.

9. Investments

	Six months ended June 30, 2018	Year ended December 31, 2017
Balance, beginning of period	-	-
Investments	$1,125,000	-
Balance, end of period	$1,125,000	-

SugarBud holds 7,500,000 common shares and 3,750,000 common share purchase warrants of Inner Spirit Holdings Ltd.

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10. Share capital

(a) Authorized

The authorized share capital of the Company is comprised of an unlimited number of voting common shares and preferred shares.

The holders of common shares are entitled to receive dividends as declared by the Company and are entitled to one vote per share. All common shares are of the same class with equal rights and privileges.

(b) Issued

		Six months ended June 30, 2018		Year ended December 31, 2017
	Shares	**Amount**	Shares	Amount
Balance, beginning of period	88,950,484	$ 14,940,681	70,061,595	$13,969,981
Issuance of common shares	122,222,222	8,250,000	18,888,889	1,000,000
Exercise of warrants	3,400,000	187,000	-	-
Exercise of stock options	5,950,000	492,790	-	-
Share issuance costs	-	(416,841)	-	(29,300)
Balance, end of period	220,522,706	$ 23,453,630	88,950,484	$14,940,681

On January 10, 2018, the Company completed two private placements.

In connection with the first private placement, the Company issued 10 million units at a price of five cents per unit for gross proceeds of $500,000. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant gives the holder the option, exercisable for a period of one year, to purchase one common share for 5.5 cents per common share.

In connection with the second private placement, the Company issued 8,888,889 units at a price of 5.625 cents per unit for gross proceeds of $500,000. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant issued under the second private placement gives the holder the option, exercisable for a period of one year, to purchase one common share for 7.5 cents per common share.

11. Warrants

		Six months ended June 30, 2018		Year ended December 31, 2017
	Warrants	**Amount**	Warrants	Amount
Balance, beginning of period	21,031,745	**-**	2,142,856	-
Warrants exercised	(3,400,000)	**-**	-	-
Warrants expired	(15,488,889)	**-**	-	-
Warrants issued	88,727,560	**-**	18,888,889	-
Balance, end of period	90,870,416	**-**	21,031,745	-

As at June 30, 2018, 90,870,416 warrants (2017 – 21,031,745) were outstanding.

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12. Share based compensation

Stock options

The Company has a stock option plan (the "Plan") for its officers, directors, employees and consultants. Under the Plan, the Company may grant options for up to 10% of the outstanding common shares (the options have a five-year term and generally vest in various tranches). (The exercise price of each option granted is up to a maximum 25% discount or equal to the market price of the Company's stock immediately preceding the date of grant.) The polices of the TSXV require "rolling" stock option plans to be approved on an annual basis by the shareholders of a listed issuer. The number and weighted average exercise prices of share options for the six months ended June 30, 2018 and December 31, 2017 are as follows:

	Six months ended June 30, 2018		Year ended December 31, 2017	
	Options	**Weighted average exercise price**	Options	Weighted average exercise price
Outstanding, beginning of period	**-**	-	-	-
Granted	26,500,000	0.12	-	-
Exercised	(5,950,000)	0.05	-	-
Balance, June 30, 2018	**20,550,000**	**0.14**	-	-

During the six months ended June 30, 2018, the Company granted a total of 26,500,000 stock options directors, executives, employees, and consultants. The options expire five years from the date of grant and each option will allow the holder to purchase one common share in the capital of the Company. The options vest immediately and are exercisable at a weighted average price of $0.12 per common share. Total stock-based compensation recorded in during the six-month period ended June 30, 2018 is $3,527,211.

13. Contributed surplus

	Six months ended June 30, 2018	Year ended December 31, 2017
Balance, beginning of period	$ 1,474,236	$1,474,236
Stock based compensation	3,527,211	-
Exercise of stock options	(195,290)	-
Balance, end of period	$ 4,806,157	$1,474,236

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14. Loss per share

	Three months ended June 30, 2018	Three months ended June 30, 2017
Net and comprehensive (loss) income for the period	$ (3,326,961)	$16,691
Net and comprehensive (loss) income per share, basic and diluted	$ (0.02)	$0.00
Weighted average shares outstanding	220,264,464	88,950,484

	Six months ended June 30, 2018	Six months ended June 30, 2017
Net and comprehensive (loss) income for the period	$ (4,128,031)	$2,572
Net and comprehensive (loss) income per share, basic and diluted	$ (0.03)	$0.00
Weighted average shares outstanding	163,470,066	88,011,257

15. Supplemental cash flow information

	Three months ended June 30, 2018	Three months ended June 30, 2017
Change in non-cash working capital items:		
Accounts receivable (1)	$ 3,585,947	$35,003
Prepaid expenses and deposits	(660,091)	(5,862)
Accounts payable and accrued liabilities	(490,643)	(188,332)
	$ 2,435,213	($159,191)
(1) Includes share subscription receivables collected during the second quarter of 2018		
Amount related to operating activities	$ (820,662)	($106,572)
Amount related to investing activities	(366,544)	(52,619)
Amount related to financing activities	3,622,419	-
	$ 2,435,213	($159,191)

	Six months ended June 30, 2018	Six months ended June 30, 2017
Change in non-cash working capital items:		
Accounts receivable	$ 45,650	$90,648
Prepaid expenses and deposits	(801,176)	(45,624)
Accounts payable and accrued liabilities	(230,435)	(1,479,072)
	$ (985,961)	($1,434,048)
Amount related to operating activities	$ (726,186)	($936,184)
Amount related to investing activities	$ (259,775)	($497,864)
	$ (985,961)	($1,434,048)

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16. Revenue by product

	Three months ended June 30, 2018	Three months ended June 30, 2017
Oil and NGL revenue	$ 588,527	$606,945
Natural gas revenue	23,983	160,001
Total revenue	$ 612,510	$766,946

	Six months ended June 30, 2018	Six months ended June 30, 2017
Oil and NGL revenue	$ 1,101,175	$1,342,066
Natural gas revenue	89,874	350,768
Total revenue	$ 1,191,049	$1,692,834

17. Subsequent events

Subsequent to June 30, 2018 the Company elected, on its own accord, to cancel its existing oil and gas credit facility with ATB Financial. At the time of cancellation of the credit facility, the credit limit was $3 million.