The Green Organic Dutchman Holdings Ltd.

MANAGEMENT'S DISCUSSIONS AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2017

(IN CANADIAN DOLLARS)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management's Discussion and Analysis ("MD&A") reports on the consolidated financial condition and operating results of The Green Organic Dutchman Holdings Ltd. ("the Company" or "TGODH") for the year ended December 31, 2017 and for the period from the date of incorporation on November 16, 2016 to December 31, 2016. The MD&A should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2017 and for the period from the date of incorporation on November 16, 2016 to December 31, 2016 ("Consolidated Financial Statements"). The Consolidated Financial Statements were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. This MD&A provides information on the operating activities, performance and financial position of the Company and is intended to assist in understanding of the Company's business and key factors underlying its financial results.

The Consolidated Financial Statements include the accounts of TGODH and its wholly-owned subsidiaries, The Green Organic Dutchman Ltd. ("TGOD"), Médican Biologique Inc. ("Medican") and The Green Organic Hemp Ltd., collectively as (the "Company"). All dollar amounts referred to in this MD&A are expressed in Canadian dollars except where indicated otherwise.

Additional information relating to the Company can be found on the Company's website at www.tgod.ca.

FORWARD LOOKING INFORMATION

This MD&A may contain "forward-looking information" within the meaning of Canadian securities legislation ("forward-looking statements"). These forward-looking statements are made as of the date of this MD&A and Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required under applicable securities legislation. Forward-looking statements relate to future events or future performance and reflect Company management's expectations or beliefs regarding future events.

In some cases, these forward-looking statements can be identified by words or phrases such as "may", "might", "will", "expect", "anticipate", "estimate", "intend", "plan", "indicate", "seek", "believe", "predict" or "likely", or the negative of these terms, or other similar expressions intended to identify forward-looking statements. The Company has based these forward-looking statements on its current expectations and projections about future events and financial trends that it believes might affect its financial condition, results of operations, business strategy and financial needs. Some examples of forward looking statements include but are not limited to the expected costs, completion dates of the facilities, production capacity, receipt of licenses, etc.

Assumptions

Forward-looking statements are based on certain assumptions and analyses made by the Company in light of the experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate and are subject to risks and uncertainties. In making the forward-looking statements included in this MD&A, the Company has made various material assumptions, including but not limited to:

(i) obtaining the necessary regulatory approvals;
(ii) that regulatory requirements may or may not adversely affect the business;
(iii) general business and economic conditions;
(iv) the Company's ability to successfully execute its plans and intentions;
(v) the availability of financing on reasonable terms;
(vi) the Company's ability to attract and retain skilled staff;
(vii) market competition and product demand;
(viii) the products and technology offered by the Company's competitors; and
(ix) that our current good relationships with our suppliers, service providers and other third parties will be maintained.

Although we believe that the assumptions underlying these statements are reasonable, they may prove to be incorrect, and we cannot assure that actual results will be consistent with these forward-looking statements.

Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There is no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. We do not undertake to update or revise any forward-looking statements, except as, and to the extent required by, applicable securities laws in Canada.

The Company's forward-looking statements are based on the reasonable beliefs, expectations and opinions of management as of April 20, 2018, the date of this MD&A.

BUSINESS OVERVIEW

The Green Organic Dutchman Holdings Ltd. is a research and development focused licensed producer ("Licensed Producer") of organic cannabis products for medical purposes based in Mississauga, Ontario. The Company, through its wholly-owned operating subsidiary The Green Organic Dutchman Ltd., holds a license (the "License") issued by Health Canada pursuant to the Access to Cannabis for Medical Purposes Regulations (the "ACMPR") which allows the Company to conduct research on and produce at its 100 acre property near Hamilton, Ontario (the "Hamilton Facility") dried marijuana, marijuana plants and fresh marijuana, and to sell such cannabis products within Canada to Licensed Producers or licensed dealers qualified under Section 22(2) of the ACMPR ("Licensed Dealers").

TGOD was founded on January 10, 2013 and completed construction of its current facility ("Hamilton facility") and pre-license inspection in April 2016. The Hamilton facility consists of approximately 7,000 square feet of indoor cultivation space. On August 17, 2016, Health Canada granted TGOD its original licence under the Marijuana for Medical Purposes Regulations ("MMPR"). On September 12, 2016, the Company acquired the starting material. The Company commenced cultivation on September 22, 2016. The Company started with 5 strains and has to date successfully grown 8 strains, all organic, with a further 28 strains in the pipeline.

The Company uses its existing Hamilton facility as a research and development centre consisting of, among other things, an analytical and microbiology laboratory and an R&D kitchen for product development. The existing facility is licensed for a maximum inventory storage capacity value of $6,250,000 for the level 8 vault. The License allows for: the production, sale or provision, possession, shipping, transportation, delivery and destruction of dried marijuana and fresh marijuana; the production, possession and destruction of marijuana seeds; and the production, sale or provision, possession and destruction of marijuana plants.

The Company received a building permit in December 2017 to construct a 2,700 sq. ft. breeding and research facility in Québec that will be used to secure a cultivation License from Health Canada for the Québec Facility. The Company intends to develop a 820,000 sq. ft. laboratory and greenhouse operation (the "Québec Facility") through a wholly-owned subsidiary, Medican.

Financing

On January 16, 2018, the Company completed a brokered and non-brokered private placement financing of 34,778,126 units at $1.65 per unit (the "Offering") for total gross proceeds of the private placement were $57,383,908. Each unit consists of 1 (one) common share and ½ (one half) of a common share purchase warrant of the Company. Each whole warrant entitles the holder to purchase 1 (one) common share at the exercise of price $3.00 until the earlier of 36 months from the date the Company's common shares are listed for trading on a national Canadian or U.S. exchange or trading system and February 28, 2021. Pursuant to the Offering, the Company also issued 630,484 broker warrants, 83,770 finders' units and 70,000 commission units, with the same terms as the Offering.

On August 18, 2017, the Company issued 508,927 units at an issue price of $1.15 as debt settlement to various parties (the "Legacy Offering"). Each unit consisted of one Common Share and one Warrant of the Company. Each Warrant is exercisable at the exercise price of $2.15 per common share for a period of 2 years.

On September 1, 2017, the Company executed a revolving credit agreement with a Canadian credit union entitling the Company to borrow to a maximum limit of $5,000,000, subject to certain reporting requirements. The credit facility is secured by a guaranteed investment certificate ("GIC") and bears a conventional rate of interest. As at December 31, 2017, the Company has not drawn under the revolver loan and is in compliance with the reporting requirements.

In February 2017, the Company undertook a private placement of units at the issue price of $1.15 per unit (the "February Offering"). Each unit consisted of one Common Share and one warrant. Each warrant is exercisable at the exercise price of $2.15 per Common Share for a period of 2 years. The February Offering was completed in two tranches, brokered and non-brokered, on March 24 and April 4, 2017 consisting of 23,934,671 private placement units and 1,152,825 finder's units for a total of 25,087,496 units for total gross proceeds of $27,524,872.

On December 22, 2016, the Company completed a brokered and non-brokered private placement of 26,581,172 common shares at $0.50 per share for gross proceeds of $13,290,586. Pursuant to the private placement, the Company also issued 2,096,060 common shares as compensation to the agents for a total of 28,677,232 shares of which 5,389,400 shares were issued as of December 31, 2016 and 23,287,832 shares were issued subsequent to the 2016 year-end. As of December 31, 2016, the Company had received cash of $3,175,764 for shares issued after year end which was recorded as restricted cash and deferred subscription receipts as a liability to issue the shares.

On November 24, 2016, TGODH:

- Completed equity financings through subscription agreements with two investors totalling $4,408,783 by issuing 34,851,009 common shares to fund the acquisition of TGOD ("the Acquisition").
- As part of Acquisition, the Company also issued 8,598,991 shares to settle debt of $665,101.

- Pursuant to the Amended and Restated Purchase Agreement for the Acquisition, the Company issued 11,550,000 common shares at a deemed price of $0.23 per share as part of the total purchase price for the Acquisition

Also on November 24, 2016, the Company negotiated two bridge loans of $125,000 each from Jeffrey Paikin (Former Chairman) and Scott Skinner (former Director and Co-Founder) for the deposit for the purchase of the adjacent property. The loan amounts are unsecured and bore interest at 6% per annum. The loans were subsequently repaid on February 9, 2017 with interest totalling $2,918.

DEVELOPMENTS FOR THE PERIOD FROM INCORPORATION ON NOVEMBER 16, 2016 TO DECEMBER 31, 2016

TGOD recorded its first batch of biological assets on November 10, 2016 totaling 24 plants which were acquired by the Company on the acquisition of TGOD on November 24, 2016. As of December 31, 2016, the fair value of biological assets amounted to $33,301 consisting of 609 plants. No inventory was recorded during this period.

DEVELOPMENTS IN 2017

On October 25, 2017, Medican submitted an application to become a Licensed Producer under the ACMPR for its planned breeding facility at Valleyfield, Québec (the "Quebec Facility").

On October 3, 2017, TGOD entered into a purchase agreement (the "Eaton Agreement") with Eaton Corporation ("Eaton") which provides for TGOD to purchase from Eaton power distribution and control products, power quality products, including battery replacement services, and power delivery products and power reliability products for a period of 5 years.

On September 19, 2017, Mr. Marc Bertrand was appointed to the Board of Directors. Mr. Bertrand is a consumer products senior executive with 30 years of experience in brand building, strategic licensing, international markets and manufacturing. Mr. Bertrand is the President of PHAZTOO Inc., and sits on a number of private and public company boards. He was the President and Chief Executive Officer of Mega Brands Inc. from 1996 to 2014.

On August 10, 2017, the Company received its wholesale Sales License after successfully completing an on-site inspection by Health Canada which allows the Company to sell dried or fresh cannabis to another Licensed Producer, a licensed dealer, the Minister of Health and/or an exempted person under the Controlled Drugs and Substance Act.

On July 27, 2017, the Company signed an Offer to Purchase on a 72.4-acre property in Valleyfield, Quebec (the "Quebec Property"). This property is strategically located across from a water treatment centre where the Company intends to recycle its waste water for irrigation. On January 12, 2018, the Company closed the acquisition of the Quebec Property for approximately $4 million and received a building permit from the city for a 2,700 sq. ft. breeding facility. See Subsequent Events.

On March 10, 2017, the Company completed the purchase of a 75-acre property adjacent to the Hamilton facility for $1.9 million. Subsequent to the purchase, the Company amalgamated the two properties with the approval of the municipality to form 100 acres of contiguous production ground. As a result, the license covers the entire 100 acres, to form one of the largest land packages under a single ACMPR licence in Canada. The enlarged site provides a future cannabis agri-park style development and opportunities for future joint venture, licensing and distribution partnerships.

On February 2, 2017, the Company adopted a 10% rolling stock option plan (the "2017 Plan") in order to provide additional incentives to directors, officers, advisors, employees and consultants during this planned growth period of the Company.

On February 3, 2017, the Company entered into a construction management agreement (the "Ledcor Agreement") with Ledcor Construction Limited ("Ledcor"). The Ledcor Agreement allows Ledcor to manage the construction of the Hamilton Facility. The services and work to be provided under the Ledcor Agreement are guaranteed not to exceed $22,148,200.

On January 9, 2017, the Company entered into a technical consultancy agreement (the "Larssen Agreement") with greenhouse consultants, Larssen Inc. ("Larssen"), a wholly-owned subsidiary of Aurora. Under the Larssen Agreement, Larssen will conduct work relating to the design and construction of the Company's cannabis greenhouse at the Hamilton Facility.

For key developments subsequent to December 31, 2017, see "Subsequent Events".

SELECTED ANNUAL INFORMATION

The table below summarizes information regarding the Company's loss from operations and other financial information for the periods presented in accordance with IFRS and should be read in conjunction with the corresponding audited consolidated financial statements and related notes:

	For the year ended December 31, 2017	For the period from the date of incorporation on November 16, 2016 to December 31, 2016
Gross profit (loss)	**$ (153,021)**	$ 33,301
Total operating expenses	**$ 15,114,201**	$ 161,895
Loss from operations	**$ (15,267,222)**	$ (128,594)
Loss before income taxes	**$ (15,014,706)**	$ (169,078)
Basic and diluted net loss per share	**$ (0.1196)**	$ (0.0029)

RESULTS OF OPERATIONS – Year ended December 2017 as compared to the period from the date of incorporation on November 16, 2016 to December 31, 2016

During the year ended December 31, 2017, the Company's losses before income taxes of $15,014,706 compared to the period from the date of incorporation on November 16, 2016 to December 31, 2016 of $169,078. The increase in net loss before income taxes of $14,845,628 was primarily due to increased general and administrative expenses of $ 12,754,280. The Company decided during the third quarter of the year-ended December 31, 2017 that it would not sell any of its harvested cannabis but use it and its biological assets for research and development instead, such as improving yields, consistencies and developing its oil extraction process. An unrealized gain on changes in fair value of biological assets of $452,793 was presented separately in operating expenses in conjunction with a non-cash write-down of the Company's biological assets to research and development expenses during the year ended December 31, 2017 to its fair value. The Company incurred $153,021 in production costs for the year ended December 31, 2017. The overall loss was partially offset by an income tax recovery of $1,555,577 and interest and other income of $252,516.

Marketing expenses

Marketing expenses of $1,165,146 for the year ended December 31, 2017 increased $1,146,975 from $ 18,171 for the period from the date of incorporation on November 16, 2016 to December 31, 2016. The marketing expenses include costs of promoting the Company's brand at investor conferences of $398,437, travel expenditures of $417,191 and consulting costs of $349,518.

Research and development expenses

Research and development expenses increased from $59,438 for the period from the date of incorporation on November 16, 2016 to December 31, 2016 to $1,563,282 for the year ended December 31, 2017, representing an increase of $1,503,844 was primarily due to the Company's strategic initiatives to improve yields and develop organic extraction methods for oil. The costs included in research and development expenses for the year ended December 31, 2017 relate to salaries and benefits of $230,066, non-cash stock-based compensation of $129,377, product development of $262,788 and depreciation of capital equipment and amortization of intangibles of $454,957. The product development costs include all direct costs of growing principally including supplies, materials, consumables, utilities and lab testing. During the third quarter of the year-ended December 31, 2017, the Company wrote-down its biological assets and harvested inventory to a fair value of nil and a net realizable value of nil, respectively in line with the decision to perform additional research and development activities such as improving yields, consistencies and developing its oil extraction process. Accordingly, the Company expensed $364,321 related to its inventory and $121,773 related to its biological assets, as a non-cash charge to research and development expense.

General and administrative expenses

General and administrative expenses of $12,838,566 for the year ended December 31, 2017 as compared to $84,286 for the to the period from the date of incorporation on November 16, 2016 to December 31, 2016 mainly as a result of non-cash stock based compensation to the personnel joining the organization throughout the year of $7,969,690, salaries and benefits to $2,082,547, consulting fees of $551,298, professional fees of $705,030, occupancy costs of $299,363 and other administrative expenses of $1,220,638.

SELECTED QUARTERLY INFORMATION

The table below summarizes information regarding the Company's loss from operations and other financial information for the periods presented in accordance with IFRS and on a consistent basis with the consolidated financial statements and related notes:

	Q4-2017	Restated Q3-2017	Q2-2017	Q1-2017	Q4-2016
Loss before income taxes	**$ (6,376,006)**	**$ (2,612,606)**	**$ (2,784,757)**	**$ (3,241,337)**	**$ (169,078)**
Net loss and comprehensive loss	**$ (6,281,639)**	**$ (2,400,146)**	**$ (2,385,920)**	**$ (2,391,424)**	**$ (161,154)**
Net loss per share (basic & diluted)	**$ (0.0490)**	**$ (0.0197)**	**$ (0.0199)**	**$ (0.0299)**	**$ (0.0029)**

SUMMARY OF QUARTERLY RESULTS – Q4-2017 as compared to the period from the date of incorporation November 16, 2016 to December 31, 2016

During the Q4-2017, the Company's losses before income taxes of $6,376,006 compared to the period from the date of incorporation on November 16, 2016 to December 31, 2016 of $169,078. The increase in loss of $6,206,928 was primarily due to the significant changes and evolution of the business from its first days of operation to becoming a large research and development company with an increase in general and administrative spend of $5,113,631, an increase in R&D spend of $594,469 and an increased in marketing expenses of $587,665.

Marketing expenses

Marketing expenses of $605,836 for the Q4-2017 increased from $18,171 for the period from the date of incorporation on November 16, 2016 to December 31, 2016 consisted of costs of promoting the Company's brand at investor conferences of $148,415; travel expenditures of $176,733 and consulting costs of $280,688. In comparison to Q3-2017, marketing expenses increased by 131% primarily due to an increase in consulting expenses.

Research and development expenses

Research and development costs increased from $59,438 for the period from the date of incorporation on November 16, 2016 to December 31, 2016 to $653,907 for Q4-2017 representing an increase of $594,469 primarily due to the Company's strategic initiatives to improve yields and develop organic extraction methods for oil. The increases relate primarily to salaries and benefits balances of $230,066, non-cash stock-based compensation of $129,377, product development of $177,564, depreciation of capital equipment and amortization of intangibles of $116,900. The product development costs include all direct costs of growing principally including supplies, materials, consumables, utilities and lab testing. In comparison to Q3-2017, research and development costs decreased by $39,406 primarily due to the fact that during the third quarter of the year-ended December 31, 2017, the Company wrote-down its biological assets and harvested inventory to a fair value and net realizable value of nil. Accordingly, the Company expensed $364,321 related to its inventory and $121,773 related to its biological assets, as a non-cash charge to research and development expense. This was partially offset by increased headcount in R&D activities including cash compensation of $230,066 and non-cash stock-based compensation of $129,377.

General and administrative expenses

General and administrative expenses of $5,197,917 for Q4-2017 were higher than expenses of $84,286 for the period from the date of incorporation on November 16, 2016 to December 31, 2016. Included in general and administrative expense are non-cash stock based compensation to the personnel joining the organization throughout the year of $2,821,114, salaries and benefits of $921,714, consulting fees of $302,726, professional fees of $511,693 and occupancy costs of $60,434. In comparison to Q3-2017, general and administrative expenses increased by $3,277,398 as a result of an increase in salaries and benefits of $493,193, an increase in non-cash stock based compensation of $2,013,887, an increase in consulting fees of $292,649, and an increase in professional fees of $357,543.

FINANCIAL POSITION

The following is a discussion of the changes to the Company's financial position as at December 31, 2017 as compared to December 31, 2016:

in $, except %	As at December 31, 2017	As at December 31, 2016	Change ($)	Change (%)	Comments
ASSETS					
Current assets					
Cash and cash equivalents	**$ 63,735,857**	$ 2,808,738	60,927,119	2,169	See Liquidity and Capital Resources section below.
Restricted cash	**15,999,854**	3,175,764	12,824,090	404	See Liquidity and Capital Resources section below.
Harmonized Sales Tax receivable	**566,648**	41,836	524,812	1,254	An increase in purchases in Q4-2017 with the input tax credits to be refunded subsequent to year-end.
Note receivable	**266,990**	—	266,990	100	A $200,000 USD note receivable revalued to fair value in CAD.
Biological assets	—	33,301	(33,301)	(100)	
Advance to related party	**446,956**	—	446,956	100	See Related Party section below.
Prepaid expenses	**266,931**	49,643	217,288	438	An increase in prepaid rent and deposits.
Other current assets	**183,651**	—	183,651	100	
	$ 81,466,887	$ 6,109,282	75,357,605	1,233	
Non-current assets					
Property, plant and equipment	**$ 6,964,747**	$ 1,122,582	5,842,165	520	An increase due to $5,831,641 in additions partially offset by $159,957 in depreciation and a $79,519 impairment charge.
Deposit on property	-	250,000	(250,000)	(100)	
Intangible asset	**5,575,099**	5,870,099	(295,000)	(5)	A decrease due to amortization.
Goodwill	**2,006,846**	2,006,846	-	-	
Other assets	**963,582**	-	963,582	100	
Total assets	**$ 96,977,161**	$ 15,358,809	81,618,352	531	

in $, except %	As at December 31, 2017	As at December 31, 2016	Change ($)	Change (%)	Comments
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Accounts payable and accrued liabilities	**$ 3,729,088**	$ 123,541	3,605,547	2,919	An increase due to increased transactional activity.
Deferred subscription receipts	**15,999,854**	3,175,764	12,824,090	404	An increase due to cash collections where the share issuance is still outstanding.
Related party loans	**-**	250,000	(250,000)	(100)	A decrease due to repayment.
	$ 19,728,942	$ 3,549,305	16,179,637	456	
Non-current liabilities					
Deferred tax liability	**$ -**	$ 1,555,576	(1,555,576)	(100)	
Total liabilities	**$ 19,728,942**	$ 5,104,881	14,624,061	286	
Total Shareholders' Equity	**$ 77,248,219**	$ 10,253,928	66,994,291	653	An increase due to increased share capital of $62,157,021, reserve for warrants of $13,883,445, reserve for share based compensation of $4,412,954 partially offset by an increase in the accumulated deficit of $13,459,129.
Total Liabilities and Shareholders' Equity	**$ 96,977,161**	$ 15,358,809	81,618,352	531	

LIQUIDITY AND CAPITAL RESOURCES

During the year ended December 31, 2017, the Company had no revenue from operations and relied on equity financing to finance its operations and meet its capital requirements. The Company's objectives when managing its liquidity and capital resources are to maintain a sufficient capital base to maintain investor and creditor confidence and to sustain the future development of the business. During the period, the Company completed various equity financings to meet its current and anticipated future obligations.

Working capital as of December 31, 2017 was $61,737,945 (December 31, 2016 - $2,559,977). Total cash position was $79,735,711 of which $15,999,854 was restricted cash (December 31, 2016 – $5,984,502 of which $3,175,764 was restricted cash) which are cash receipts for private placements received but for which shares have not been issued.

Operating Activities

Cash used in operating activities during the year ended December 31, 2017 was $4,151,575, consisting of net loss after income taxes of $13,459,129, an unrealized gain in changes in the fair value of biological assets of $452,793, partially offset by non-cash items such as stock-based compensation of $8,109,067, depreciation of $159,957 and amortization of $295,000.Changes in non-cash working capital included an increase in prepaid expenses of $217,288, an increase in harmonized sales tax receivable of $524,812, an increase in notes receivable of $266,990, and increase in other assets of $349,104. These changes were partially offset by the non-cash write down of inventories of $364,321 and an increase in accounts payable and accrued liabilities of $3,544,480.

Investing Activities

Cash used in investing activities during the year ended December 31, 2017 consisted of investments in property, plant and equipment of $5,831,641 as the Company started to prepare and apply for building permits as well as commence engineering and design work on the expansion of the Hamilton Facility and the Québec Facility with the one large purchase being a property consisting of 75 acres and together with the original site, forming 100 acres of contiguous land mass under the single License for the Hamilton Facility. The Company put also made a deposit on its greenhouse build of $915,018. This was partially offset by the realization of a deposit on the aforementioned property of $250,000.

Financing Activities

During the year ended December 31, 2017, the Company received net proceeds from private placements of $72,344,353. During the year, $3,175,764 being deferred share subscription receipts from the prior year was transferred out of restricted cash as the prior year February Offering was completed and shares relating to those deferred share subscription receipts were issued to subscribers and included in the aforementioned $72,344,353 net proceeds from private placements. The Company also received $116,889 in interest. Cash used in financing activities relates to advances to related parties of $446,956 and a repayment on a related party loan of $250,000. See Related Parties section.

OFF-BALANCE SHEET ARRANGEMENTS

As at the date of this MD&A, April 20, 2018, the Company had no material 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 Company.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Biological assets and inventory

In calculating the value of the biological assets, management is required to make a number of estimates, including estimating the stage of growth of the cannabis up to the point of harvest, harvesting costs, selling costs, sales price, wastage and expected yields for the cannabis plant. In calculating inventory values, management is required to determine an estimate of spoiled or expired inventory and compares the inventory cost to estimated net realizable value.

Share-based compensation

In calculating the share-based compensation expense, management is required to estimate the fair value of the good or service received, or the fair value of the equity instruments granted in the case where the fair value of the good or service received cannot be estimated.

Warrants

In calculating the value of the warrants, the Company includes key estimates such as the volatility of the Company's stock price, the value of the common share, and the risk-free interest rate.

Estimated useful lives and depreciation and amortization of property, plant and equipment and intangible assets

Depreciation and amortization of property, plant and equipment and intangible assets are dependent upon estimates of useful lives, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

Business combinations

Judgment is used in determining whether an acquisition is a business combination or an asset acquisition.

In determining the allocation of the purchase price in a business combination, including any acquisition-related contingent consideration, estimates including market based and appraisal values are used. The contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is measured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

The Company measures all the assets acquired and liabilities assumed at their acquisition-date fair values. Non-controlling interests in the acquiree are measured on the basis of the non-controlling interests' proportionate share of this equity in the acquiree's identifiable net assets. Acquisition-related costs are recognized as expenses in the periods in which the costs are incurred and the services are received (except for the costs to issue debt or equity securities which are recognized according to specific requirements.) The excess of the aggregate of (a) the consideration transferred to obtain control, the amount of any non-controlling interest in the acquire over (b) the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed, is recognized as goodwill as of the acquisition date.

NEW STANDARDS, INTERPRETATIONS & AMENDMENTS NOT YET ADOPTED BY THE COMPANY

IFRS 9 Financial Instruments ("IFRS 9")

IFRS 9 was issued by the 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, fair value through profit or loss ("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. The effective date of IFRS 9 is January 1, 2018. The Company is assessing the potential impact of IFRS 9.

IFRS 7 Financial instruments: Disclosure

IFRS 7 Financial instruments: Disclosure, was amended to require additional disclosures on transition from IAS 39 to IFRS 9. IFRS 7 is effective on adoption of IFRS 9, which is effective for annual periods commencing on or after January 1, 2018. The Company is assessing the potential impact of IFRS 7.

IFRS 15 Revenue from Contracts with Customers ("IFRS 15")

IFRS 15 was issued by the IASB in May 2014 and specifies how and when revenue should be recognized based on a five-step model, which is applied to all contracts with customers. On April 12, 2016, the IASB published final clarifications to IFRS 15 with respect to identifying performance obligations, principal versus agent considerations, and licensing. IFRS 15 becomes effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Company currently has no revenue and is assessing the future potential impact of IFRS 15.

IFRS 16 Leases ("IFRS 16")

IFRS 16 was issued by the IASB in January 2016 and specifies the requirements to recognized, measure, present and disclose leases. IFRS 16 is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted. The Company is assessing the potential impact of IFRS 16.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

[a] Fair values

The Company's financial instruments were comprised of the following as at December 31, 2017: cash and cash equivalents of $63,735,857 ; restricted cash of $15,999,854; harmonized sales tax receivable of $566,648; notes receivable of $266,990; advances to related parties of $446,956; accounts payable and accrued liabilities of $3,729,088; and deferred subscription receipts of $15,999,854.

The fair values of the financial assets and liabilities are shown at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The assumption that the instruments fair values approximate their carrying amounts is largely due to the short-term maturities of these instruments.

[b] Fair value hierarchy

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

During the year ended December 31, 2017, cash and cash equivalents and restricted cash were measured at Level 1 on the hierarchy. The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

During the year ended December 31, 2017, there were no transfers of amounts between levels.

RELATED PARTY TRANSACTIONS

Key management personnel compensation

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling activities of the entity, directly or indirectly. The key management personnel of the Company are the members of the Company's executive management team and Board of Directors, who control approximately 14% of the outstanding shares of the Company (14% fully diluted).

Total key management personnel compensation for the year-ended December 31, 2017 was $4,219,679 (for the period from the date of incorporation on November 16 to December 31, 2016 – nil) for services provided.

On August 19, 2017, the Company settled amount of $158,333 due to two officers of the Company by issuing 137,681 units at $1.15 per unit.

Advances to related party

For the year ended December 31, 2017, the Company advanced the following amounts to a related party entity, TGOF Corp., of which David Doherty a director of the Company and Robert Anderson, the CEO and a director of the Company are shareholders:

a. $125,000 on March 31, 2017 in exchange for a note payable for the same amount at an interest rate of 0% and a maturity date of June 30, 2017. This note payable was settled on June 30, 2017 with a replacement note payable in the same amount and interest rate with a maturity date of June 30, 2018.

b. $127,715 ($100,004 USD) on June 26, 2017 in exchange for a note payable for the same amount at an interest rate of 0% and a maturity date of September 26, 2017. This advance was replaced by a note payable dated September 26, 2017 for the same amount, at an interest rate of 0% and a maturity date of September 26, 2018.

c. $194,241 ($150,000 USD) on September 15, 2017 in exchange for a promissory note for the same amount with interest at 0% and maturity date of March 26, 2018. The amount was fully repaid on March 22, 2018, see subsequent events.

Loans from related parties

On November 24, 2016, Scott Skinner and Jeffrey Paikin, two former directors, provided a bridge loan totaling $250,000 to the Company for the deposit on a property. The bridge loan bore interest at 6% annually and was repaid in full on February 9, 2017.

RISK FACTORS

This section discusses factors relating to the business of Company that should be considered by both existing and potential investors. The information in this section is intended to serve as an overview and should not be considered comprehensive and the Company may face risks and uncertainties not discussed in this section, or not currently known to us, or that we deem to be immaterial. All risks to the Company's business have the potential to influence its operations in a materially adverse manner.

Limited Operating History

We have a very limited history of operations and are considered a start-up company. As such, we are subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues. There is no assurance that we will be successful in achieving a return on shareholders' investment and the likelihood of our success must be considered in light of our early stage of operations.
The Company's actual financial position and results of operations may differ materially from the expectations of the Company's management.

The Company's actual financial position and results of operations may differ materially from management's expectations. The Company has experienced some changes in its operating plans and certain delays in its plans. As a result, the Company's revenue, net income and cash flow may differ materially from the Company's projected revenue, net income and cash flow. The process for estimating the Company's revenue, net income and cash flow requires the use of judgment in determining the appropriate assumptions and estimates. These estimates and assumptions may be revised as additional information becomes available and as additional analyses are performed. In addition, the assumptions used in planning may not prove to be accurate, and other factors may affect the Company's financial condition or results of operations.
The Company expects to incur significant ongoing costs and obligations related to its investment in infrastructure, growth, regulatory compliance and operations.

The Company expects to incur significant ongoing costs and obligations related to its investment in infrastructure and growth and for regulatory compliance, which could have a material adverse impact on the Company's results of operations, financial condition and cash flows. In addition, future changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's 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 Company. Our efforts to grow our business may be costlier than we expect, and we may not be able to increase our revenue enough to offset our higher operating expenses. We may incur significant losses in the future for a number of reasons, including the other risks described in this prospectus, and unforeseen expenses, difficulties, complications and delays, and other unknown events. If we are unable to achieve and sustain profitability, the market price of our Common Shares may significantly decrease.
The medical cannabis industry and market are relatively new in Canada and this industry and market may not continue to exist or grow as anticipated or the Company may be ultimately unable to succeed in this new industry and market.
As a licensed producer, the Company is operating its business in a relatively new industry and market. In addition to being subject to general business risks, the Company must continue to build brand awareness in this industry and market through significant investments in its strategy, its production capacity, quality assurance and compliance with regulations. In addition, there is no assurance that the industry and market will continue to exist and grow as currently estimated or anticipated or function and evolve in the manner consistent with management's expectations and assumptions. Any event or circumstance that adversely affects the cannabis industry and market could have a material adverse effect on the Company's business, financial conditions and results of operations.

There are factors which may prevent the Company from the realization of growth targets.

The Company is currently in the expansion from early development stage. The Company's growth strategy contemplates an expansion to Hamilton Facility ("the Hamilton Facility Expansion") and the Québec Facility. There is a risk that these additional resources will not be achieved on time, on budget, or at all, as they can be adversely affected by a variety of factors, including some that are discussed elsewhere in these "Risk Factors" and the following:

- delays in obtaining, or conditions imposed by, regulatory approvals;
- facility design errors;
- environmental pollution; non-performance by third party contractors; increases in materials or labour costs; construction performance falling below expected levels of output or efficiency;
- breakdown, aging or failure of equipment or processes;
- contractor or operator errors;
- operational inefficiencies;
- labour disputes, disruptions or declines in productivity; inability to attract sufficient numbers of qualified workers; disruption in the supply of energy and utilities; and

- major incidents and/or catastrophic events such as fires, explosions, storms, or physical attacks.

Construction Risk Factors

The Company is subject to a number of risk factors, including the availability and performance of engineering and construction contractors, suppliers and consultants, the receipt of required governmental approvals and permits in connection with the construction of the Hamilton Facility Expansion and the Québec Facility. Any delay in the performance of any one or more of the contractors, suppliers, consultants or other persons on which the Company is dependent in connection with its construction activities, a delay in or failure to receive the required governmental approvals and permits in a timely manner or on reasonable terms, or a delay in or failure in connection with the completion and successful operation of the operational elements in connection with construction could delay or prevent the construction and start-up of the Hamilton Facility Expansion or the Québec Facility as planned. There can be no assurance that current or future construction plans implemented by the Company will be successfully completed on time, within budget and without design defect; that available personnel and equipment will be available in a timely manner or on reasonable terms to successfully complete construction projects; that the Company will be able to obtain all necessary governmental approvals and permits; or that the completion of the construction, the start-up costs and the ongoing operating costs will not be significantly higher than anticipated by the Company. Any of the foregoing factors could adversely impact the operations and financial condition of the Company.

Hamilton Facility and the Québec Facility

The Hamilton Facility is, and the Québec Facility is expected to become, integral to the Company's business and adverse changes or developments affecting either of the Hamilton Facility or the Québec Facility may impact the Company's business, financial condition and results of operations

The Company's activities and resources are currently focused on the Hamilton Facility. The License is specific to the Hamilton Facility. Adverse changes or developments affecting the Hamilton Facility, including but not limited to a force majeure event or a breach of security, could have a material adverse effect on the Company's business, financial condition and prospects. Any breach of the security measures and other facility requirements, including any failure to comply with recommendations or requirements arising from inspections by Health Canada, could also have an impact on the Company's ability to continue operating under the License or the prospect of renewing the License or would result in a revocation of the License.

The Company has also purchased and is expecting to complete the build-out of its Québec Facility, and the Company has also applied for the Québec Facility License and expects that the Québec Facility has the potential to significantly increase the Company's cultivation and growing capacity. However, no assurance can be given that Health Canada will approve the Québec Facility License. If the Company is unable to secure the Québec Facility License, the expectations of management with respect to the increased future cultivation and growing capacity may not be borne out, which could have a material adverse effect on the Company's business, financial condition and results of operations. Further, construction delays or cost over-runs in respect of the build-out of the Québec Facility, howsoever caused, could have a material adverse effect on the Company's business, financial condition and results of operations.

Reliance on a Single Facility

To date, the Company's activities and resources have been primarily focused on the Hamilton Facility and the Company expects to continue to be focused on operations at the Hamilton Facility for the foreseeable future until completion of the construction of the proposed Québec Facility. Adverse changes or developments affecting the Hamilton Facility, including any maintenance requirements of, or material damage or destruction to, the Hamilton Facility, could have a material and adverse effect on the business, financial condition and prospects of the Company.

The Company is reliant on cultivation Licenses to produce medical cannabis products in Canada

The Company's ability to grow, store and sell cannabis for medical purposes in Canada is dependent on the License. The License is subject to ongoing compliance, reporting requirements and renewal. The License was last amended on December 29, 2017. Although the Company believes it will meet the requirements of the ACMPR for future renewals of its License, there can be no guarantee that Health Canada will renew the License or, if renewed, that it will be renewed on the same or similar terms or that Health Canada will not revoke the License. Should the Company fail to comply with the requirements of the License or should Health Canada not renew the License when required, or renew the License on different terms or revoke the License, there would be a material adverse effect on the Company's business, financial condition and results of operations.

Government licenses are currently, and in the future may be, required in connection with the Company's operations, in addition to other unknown permits and approvals which may be required. To the extent such permits and approvals are required and not obtained, the Company may be prevented from operating and/or expanding its business, which could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company is subject to changes in Canadian laws, regulations and guidelines which could adversely affect the Company's future business, financial condition and results of operations.

The Company's operations will be subject to various laws, regulations and guidelines relating to the manufacture, management, packaging/labelling, advertising, sale, transportation, storage and disposal of medical cannabis but also including laws and regulations relating to drugs, controlled substances, health and safety, the conduct of operations and the protection of the environment. Changes to such laws, regulations and guidelines due to matters beyond the control of the Company may cause material adverse effects business, financial condition and results of operations of the Company. The Company endeavours to comply with all relevant laws, regulations and guidelines. To the best of the Company's knowledge, the Company is in compliance or in the process of being assessed for compliance with all such laws, regulations and guidelines as described elsewhere in this prospectus.

On June 30, 2016, the Canadian Federal Government established the Task Force to seek input on the design of a new system to legalize, strictly regulate and restrict access to marijuana. On December 13, 2016, the Task Force completed its review and published a report outlining its recommendations. On April 13, 2017, the Canadian Federal Government released Bill C-45, which proposes the enactment of the Cannabis Act, to regulate the production, distribution and sale of cannabis for unqualified adult use, with a target implementation date to occur in August 2018. However, it is unknown if this regulatory change will be implemented at all. Several recommendations from the Task Force reflected in the Cannabis Act including, but not limited to, permitting home cultivation, potentially easing barriers to entry into a Canadian recreational marijuana market and restrictions on advertising and branding, could materially and adversely affect the future business, financial condition and results of operations of the Company. Their advice will be considered by the Government of Canada as a new framework for recreational marijuana is developed and it is possible that such developments could significantly adversely affect the future business, financial condition and results of operations of the Company.

The governments of British Columbia, Saskatchewan, Manitoba, Québec and New Brunswick have yet to implement a legislation to regulate the distribution and sale of cannabis for recreational purposes. There is no guarantee that provincial legislation regulating the distribution and sale of cannabis for recreational purposes will be enacted according to the terms announced by such provinces, or at all, or that any such legislation, if enacted, will create the growth opportunities that the Company currently anticipates.

The Company may not be able to develop its products, which could prevent it from ever becoming profitable.

If the Company cannot successfully develop, manufacture and distribute its products, or if the Company experiences difficulties in the development process, such as capacity constraints, quality control problems or other disruptions, the Company may not be able to develop market-ready commercial products at acceptable costs, which would adversely affect the Company's ability to effectively enter the market. A failure by the Company to achieve a low-cost structure through economies of scale or improvements in cultivation and manufacturing processes would have a material adverse effect on the Company's commercialization plans and the Company's business, prospects, results of operations and financial condition.
The Company's officers and directors control a large percentage of the Company's issued and outstanding Common Shares and such officers and directors may have the ability to control matters affecting the Company and its business.

The officers and directors of the Company currently own approximately 11% of the issued and outstanding Common Shares. The Company's shareholders nominate and elect the Board, which generally has the ability to control the acquisition or disposition of the Company's assets, and the future issuance of its Common Shares or other securities. Accordingly, for any matters with respect to which a majority vote of the Common Shares may be required by law, the Company's directors and officers may have the ability to control such matters. Because the directors and officers control a substantial portion of such Common Shares, investors may find it difficult or impossible to replace the Company's directors if they disagree with the way the Company's business is being operated.

There is no assurance that the Company will turn a profit or generate immediate revenues.

There is no assurance as to whether the Company will be profitable, earn revenues, or pay dividends. The Company has incurred and anticipates that it will continue to incur substantial expenses relating to the development and initial operations of its business. The payment and amount of any future dividends will depend upon, among other things, the Company's results of operations, cash flow, financial condition, and operating and capital requirements. There is no assurance that future dividends will be paid, and, if dividends are paid, there is no assurance with respect to the amount of any such dividends.

The Company's operations are subject to environmental regulation in the various jurisdictions in which it operates.

These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for

companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

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

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

Organic Products

The Company produces organic cannabis products, which it believes will command a higher price in the marketplace. However, there can be no assurances that organic standards will not change and that the Company can continue to meet the requirements of such standards. Failure to continue to maintain organic standards may have an adverse affect on the market price of the Company's products.

Québec Facility Ownership Risk

There can be no assurance that the Company will receive the required approvals from CPTAQ in order to acquire the Valleyfield Land in a timely manner or at all. Failure to receive the necessary approvals could have an adverse effect on the business and financial results of the Company.

Additionally, in certain limited circumstances, the Company may have the obligation to purchase the shares of the majority shareholders of Québec Subco regardless of whether the CPTAQ has granted its approval. The Company believes, however, that the time provided to proceed with such purchase (one or two years, depending on the situation) would be sufficient to establish an alternate ownership structure that would comply with the requirements of the Québec Act. If the Company is unable to establish an alternate ownership structure it could face forfeiture of the Valleyfield Land.

The Company faces competition from other companies where it will conduct business that may have higher capitalization, more experienced management or may be more mature as a business.

An increase in the companies competing in this industry could limit the ability of the Company to expand its operations. Current and new competitors may be better capitalized, a longer operating history, more expertise and able to develop higher quality equipment or products, at the same or a lower cost. The Company cannot provide assurances that it will be able to compete successfully against current and future competitors. Competitive pressures faced by the Company could have a material adverse effect on its business, operating results and financial condition. In addition, despite Canadian federal and state-level legalization of marijuana, illicit or "black-market" operations remain abundant and present substantial competition to the Company. In particular, illicit operations, despite being largely clandestine, are not required to comply with the extensive regulations that the Company must comply with to conduct business, and accordingly may have significantly lower costs of operation.

If the Company is unable to develop and market new products, it may not be able to keep pace with market developments.

The cannabis industry is in its early stages and it is likely that the Company and its competitors will seek to introduce new products in the future. In attempting to keep pace with any new market developments, the Company will need to expend significant amounts of capital in order to successfully develop and generate revenues from, new products. The Company may also be required to obtain additional regulatory approvals from Health Canada and other applicable authorities which may take significant time. The Company may not be successful in developing effective and safe new products, bringing such products to market in time to be effectively commercialized, or obtaining any required regulatory approvals, which together with capital expenditures made in the court of such product development and regulatory approval processes, may have an material adverse effect on the Company's business, financial condition and results of operations.

If the Company is unable to attract and retain key personnel, it may not be able to compete effectively in the cannabis market.

The Company's success has depended and continues to depend upon its ability to attract and retain key management, including the Company's CEO, technical experts and sales personnel. The Company will attempt to enhance its management and technical expertise by continuing to recruit qualified individuals who possess desired skills and experience in certain targeted areas. The Company's inability to retain employees and attract and retain sufficient additional employees or engineering and technical support resources could have a material adverse effect on the Company's business, results of operations, sales, cash flow or financial condition. Shortages in qualified personnel or the loss of key personnel could adversely affect the financial condition of the Company, results of operations of the business and could limit the Company's ability to develop and market its cannabis-

related products. The loss of any of the Company's senior management or key employees could materially adversely affect the Company's ability to execute our business plan and strategy, and the Company may not be able to find adequate replacements on a timely basis, or at all. The Company does not maintain key person life insurance policies on any of our employees.

There is no assurance that the Company will retain any relevant Licenses nor obtain new licenses or approvals that may be required for the Company's business and future plans.

The Company's ability to grow, store and sell cannabis in Canada is dependent on the ability of the Company to retain its License from Health Canada. Licenses, once issued, are subject to ongoing compliance and reporting requirements. Failure to comply with the requirements would have a material adverse impact on the business, financial condition and operating results of the Company. There is also no assurance of new licences or approvals from Health Canada.

The Company cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain the necessary regulatory approvals will significantly delay the development of the Company's markets and products and could have a material adverse effect on the business, results of operations and financial condition of the Company.

The size of the Company's target market is difficult to quantify, and investors will be reliant on their own estimates on the accuracy of market data.

Because the cannabis industry is in a nascent stage with uncertain boundaries, there is a lack of information about comparable companies available for potential investors to review in deciding about whether to invest in the Company and, few, if any, established companies whose business model the Company can follow or upon whose success the Company can build. Accordingly, investors will have to rely on their own estimates in deciding about whether to invest in the Company. There can be no assurance that the Company's estimates are accurate or that the market size is sufficiently large for its business to grow as projected, which may negatively impact its financial results. The Company regularly purchases and follows market research.

The Company's industry is experiencing rapid growth and consolidation that may cause the Company to lose key relationships and intensify competition.

The cannabis industry is undergoing rapid growth and substantial change, which has resulted in an increase in competitors, consolidation and formation of strategic relationships. Acquisitions or other consolidating transactions could harm the Company in a number of ways, including by losing strategic partners if they are acquired by or enter into relationships with a competitor, losing customers, revenue and market share, or forcing the Company to expend greater resources to meet new or additional competitive threats, all of which could harm the Company's operating results. As competitors enter the market and become increasingly sophisticated, competition in the Company's industry may intensify and place downward pressure on retail prices for its products and services, which could negatively impact its profitability.

The Company continues to sell shares for cash to fund operations, capital expansion, mergers and acquisitions that will dilute the current shareholders.

There is no guarantee that the Company will be able to achieve its business objectives. The continued development of the Company will require additional financing. The failure to raise such capital could result in the delay or indefinite postponement of current business objectives or the Company going out of business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company.

If additional funds are raised through issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of Common Shares. The Company's articles permit the issuance of an unlimited number of Common Shares, and shareholders will have no pre-emptive rights in connection with such further issuance. The directors of the Company have discretion to determine the price and the terms of issue of further issuances. Moreover, additional Common Shares will be issued by the Company on the exercise of Options under the New Option Plan and upon the exercise of outstanding warrants. In addition, from time to time, the Company may enter into transactions to acquire assets or the shares of other companies. These transactions may be financed wholly or partially with debt, which may temporarily increase the Company's debt levels above industry standards. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions. The Company may require additional financing to fund its operations to the point where it is generating positive cash flows. Negative cash flow may restrict the Company's ability to pursue its business objectives.

If you purchase shares of our Common Shares in an offering, you will experience substantial and immediate dilution, because the price that you pay will be substantially greater than the net tangible book value per share of the Common Shares that you acquire. This dilution is due in large part to the fact that our earlier investors will have paid substantially less than a public offering price when they purchased their shares of our capital stock.

The Company's activities are subject to the Investor Rights Agreement

In connection with Aurora's investment in the Company, the parties entered into the Investor Rights Agreement. Under the Investor Rights Agreement, the Company granted the Participation Right to Aurora whereby, subject to certain exceptions, Aurora may maintain its pro rata ownership in the Company. Aurora also has the right to nominate a director to the Board. These rights may affect the Company's ability to conduct certain business and could have adverse affect the business, financial condition and results of operations of the Company.

The Company currently has insurance coverage; however, because the Company operates within the cannabis industry, there are additional difficulties and complexities associated with such insurance coverage.

The Company believes that it and TGOD currently have insurance coverage with respect to workers' compensation, general liability, directors' and officers' insurance, fire and other similar policies customarily obtained for businesses to the extent commercially appropriate; however, because the Company is engaged in and operates within the cannabis industry, there are exclusions and additional difficulties and complexities associated with such insurance coverage that could cause the Company to suffer uninsured losses, which could adversely affect the Company's business, results of operations, and profitability. There is no assurance that the Company will be able to fully utilize such insurance coverage, if necessary.

The cultivation of cannabis includes risks inherent in an agricultural business including the risk of crop loss, sudden changes in environmental conditions, equipment failure, product recalls and others.

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

The cultivation of cannabis involves a reliance on third party transportation which could result in supply delays, reliability of delivery and other related risks.

In order for customers of the Company to receive their product, the Company will rely on third party transportation services. This can cause logistical problems with and delays in patients obtaining their orders and cannot be directly controlled by the Company. Any delay by third party transportation services may adversely affect the Company's financial performance.

Moreover, security of the product during transportation to and from the Company's facilities is critical due to the nature of the product. A breach of security during transport could have material adverse effects on the Company's business, financials and prospects. Any such breach could impact the Company's future ability to continue operating under its Licenses or the prospect of renewing its Licenses.

The Company may be subject to product recalls for product defects self-imposed or imposed by regulators.

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

The Company is reliant on key inputs, such as water and utilities, and any interruption of these services could have a material adverse effect on the Company's finances and operation results. The Company is also dependent on access to skilled labour, equipment and parts.

The Company's business is dependent on a number of key inputs and their related costs including raw materials and supplies related to its growing operations, as well as 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 the Company. 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 the Company.

The ability of the Company to compete and grow will be dependent on having access, at a reasonable cost and in a timely manner, to skilled labour, equipment, parts and components. No assurances can be given that the Company will be successful in maintaining the required supply of skilled labour, equipment, parts and components. It is also possible that the expansion plans contemplated by the Company may cost more than anticipated, in which circumstance the Company may curtail, or extend timeframes for completing the expansion plans. This could have a material adverse effect on the financial results and operations of the Company.

The expansion of the medical cannabis industry may require new clinical research into effective medical therapies, when such research has been restricted in the U.S. and is new to Canada.

Research in Canada and internationally regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis or isolated cannabinoids (such as CBD and THC) remains in early stages. There have been relatively few clinical trials on the benefits of cannabis or isolated cannabinoids (such as CBD and THC). Although the Company believes that the articles, reports and studies support its beliefs regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis, future research and clinical trials may prove such statements to be incorrect, or could raise concerns regarding, and perceptions relating to, cannabis. Given these risks, uncertainties and assumptions, investors should not place undue reliance on such articles and reports. Future research studies and clinical trials may draw opposing conclusions to those stated in this prospectus or reach negative conclusions regarding the medical benefits, viability, safety, efficacy, dosing, social acceptance or other facts and perceptions related to medical cannabis, which could have a material adverse effect on the demand for the Company's products with the potential to lead to a material adverse effect on the Company's business, financial condition and results of operations.

Under Canadian regulations, a Licensed Producer of cannabis may have restrictions on the type and form of marketing it can undertake which could materially impact sales performance.

The development of the Company's future business and operating results may be hindered by applicable restrictions on sales and marketing activities imposed by Health Canada. The regulatory environment in Canada limits the Company's ability to compete for market share in a manner similar to other industries. If the Company is unable to effectively market its products and compete for market share, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased selling prices for its products, the Company's sales and operating results could be adversely affected.

The Company could be liable for fraudulent or illegal activity by its employees, contractors and consultants resulting in significant financial losses to claims against the Company.

The Company is exposed to the risk that its employees, independent contractors and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities to the Company that violates: (i) government regulations; (ii) manufacturing standards; (iii) federal and provincial healthcare fraud and abuse laws and regulations; or (iv) laws that require the true, complete and accurate reporting of financial information or data. It is not always possible for the Company to identify and deter misconduct by its employees and other third parties, and the precautions taken by the Company to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Company from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against the Company, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on our business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of the Company's operations, any of which could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company will be reliant on information technology systems and may be subject to damaging cyber-attacks.

The Company has entered into agreements with third parties for hardware, software, telecommunications and other information technology ("IT") services in connection with its operations. The Company's operations depend, in part, on how well it and its suppliers protect networks, equipment, IT systems and software against damage from a number of threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism and theft. The Company's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact the Company's reputation and results of operations.

The Company has not experienced any material losses to date relating to cyber-attacks or other information security breaches, but there can be no assurance that the Company will not incur such losses in the future. The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access is a priority. As cyber threats continue to evolve, the

Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

The Company may be subject to breaches of security at its facilities.

Given the nature of the Company's product and its lack of legal availability outside of channels approved by the Government of Canada, as well as the concentration of inventory in its facilities, despite meeting or exceeding Health Canada's security requirements, there remains a risk of shrinkage as well as theft. A security breach at one of the Company's facilities could expose the Company to additional liability and to potentially costly litigation, increase expenses relating to the resolution and future prevention of these breaches and may deter potential patients from choosing the Company's products.

The Company's officers and directors may be engaged in a range of business activities resulting in conflicts of interest.

The Company may be subject to various potential conflicts of interest because some of its officers and directors may be engaged in a range of business activities. In addition, the Company's executive officers and directors may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to the Company. In some cases, the Company's executive officers and directors may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to the Company's business and affairs and that could adversely affect the Company's operations. These business interests could require significant time and attention of the Company's executive officers and directors.

In addition, the Company may also become involved in other transactions which conflict with the interests of its directors and the officers who may from time to time deal with persons, firms, institutions or Companies with which the Company may be dealing, or which may be seeking investments similar to those desired by it. The interests of these persons could conflict with those of the Company. In addition, from time to time, these persons may be competing with the Company for available investment opportunities. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws. In particular, if such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company.
In certain circumstances, the Company's reputation could be damaged.

Damage to the Company's reputation can be the result of the actual or perceived occurrence of any number of events, and could include any negative publicity, whether true or not. The increased usage of social media and other web-based tools used to generate, publish and discuss user-generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share opinions and views regarding the Company and its activities, whether true or not. Although the Company believes that it operates in a manner that is respectful to all stakeholders and that it takes care in protecting its image and reputation, the Company does not ultimately have direct control over how it is perceived by others. Reputation loss may result in decreased investor confidence, increased challenges in developing and maintaining community relations and an impediment to the Company's overall ability to advance its projects, thereby having a material adverse impact on financial performance, financial condition, cash flows and growth prospects.

Negative Operating Cash Flow

Our business has incurred losses since the inception. Although we expect to become profitable, there is no guarantee that will happen, and we may never become profitable. We currently have a negative operating cash flow and may continue to have that for the foreseeable future. To date, we have not generated any revenues and a large portion of our expenses are fixed, including expenses related to facilities, equipment, contractual commitments and personnel. As a result, we expect our net losses from operations to improve. Our ability to generate additional revenues and potential to become profitable will depend largely on our ability, to manufacture and market our products. There can be no assurance that any such events will occur or that we will ever become profitable. Even if we do achieve profitability, we cannot predict the level of such profitability. If we sustain losses over an extended period of time, we may be unable to continue our business.

Product Recalls

The Company is listed as an organic cannabis LP. Therefore, all input materials should also be organic. In the event that a non-organic input material was used, all final product produced since using the non-organic input material is to be recalled. This would result in the Company to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. In addition, the Company may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. Although, the Company has detailed procedures in place for testing finished products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits.

Additionally, if the Company did experience a recall, the image of that brand and the Company could be harmed. A recall for any of the foregoing reasons could lead to the decreased demand for the Company's products and could have a material adverse effect on the results of operations and financial condition of the Company. Additionally, product recalls may lead to increased scrutiny of the Company's operations by Health Canada or other regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Product Liability

As a manufacturer and distributor of products designed to be ingested by humans, the Company faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of the Company's products involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of the Company's products alone or in combination with other among others, that the Company's products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Company could result in increased costs, could adversely affect the Company's reputation with its clients and consumers generally, and could have a material adverse effect on our results of operations and financial condition of the Company.

There can be no assurances that the Company will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of the Company's potential products. As of the current date, the Company has a small amount of insurance coverage for product liabilities.

If we have a material weakness in our internal controls over financial reporting, investors could lose confidence in the reliability of our financial statements, which could result in a decrease in the value of our securities.

One or more material weaknesses in our internal controls over financial reporting could occur or be identified in the future. In addition, because of inherent limitations, our internal controls over financial reporting may not prevent or detect misstatements, and any projections of any evaluation of effectiveness of internal controls to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with our policies or procedures may deteriorate. If we fail to maintain the adequacy of our internal controls, including any failure or difficulty in implementing required new or improved controls, our business and results of operations could be harmed, we may not be able to provide reasonable assurance as to our financial results or meet our reporting obligations and there could be a material adverse effect on the price of our securities.

Vulnerability to Rising Energy Costs

The company's medical marijuana growing operations consume considerable energy, making the Company vulnerable to rising energy costs. Rising or volatile energy costs may adversely impact the business of the Company and its ability to operate profitably.

Publicity or Consumer Perception

The Company believes the medical marijuana industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the medical marijuana produced. Consumer perception of the Company's products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medical marijuana products.

There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the medical marijuana market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Company's products and the business, results of operations, financial condition and the Company's cash flows. The Company's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Company, the demand for the Company's products, and the business, results of operations, financial condition and cash flows of the Company. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of medical marijuana in general, or the Company's products specifically, or associating the consumption of medical marijuana with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

Difficulties with Forecasts

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

Risks Relating to the Common Shares

Market Price of Common Shares and Volatility

Securities of small-cap companies have experienced substantial volatility in the past, often based on factors unrelated to the companies' financial performance or prospects. These factors include macroeconomic developments in North America and globally and market perceptions of the attractiveness of particular industries. Factors unrelated to our performance that may affect the price of the Common Shares include the following: the extent of analytical coverage available to investors concerning our business may be limited if investment banks with research capabilities do not follow the Company; lessening in trading volume and general market interest in the Common Shares may affect an investor's ability to trade significant numbers of Common Shares; the size of our public float may limit the ability of some institutions to invest in Common Shares; and a substantial decline in the price of the Common Shares that persists for a significant period of time could cause the Common Shares, if listed on an exchange, to be delisted from such exchange, further reducing market liquidity. As a result of any of these factors, the market price of the Common Shares at any given point in time may not accurately reflect our long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. We may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources. The fact that no market currently exists for the Common Shares may affect the pricing of the Common Shares in the secondary market, the transparency and availability of trading prices and the liquidity of the Common Shares.

The market price of the Common Shares is affected by many other variables which are not directly related to our success and are, therefore, not within our control. These include other developments that affect the breadth of the public market for the Common Shares, the release or expiration of lock-up or other transfer restrictions on the Common Shares, and the attractiveness of alternative investments. The effect of these and other factors on the market price of the Common Shares is expected to make the Common Share price volatile in the future, which may result in losses to investors.

It may be difficult, if not impossible, for U.S. holders of the Company's common shares to resell them over the Toronto Stock Exchange.

It has recently come to management's attention that all major securities clearing firms in the United States have ceased participating in transactions related to securities of Canadian public companies involved in the medical marijuana industry. This appears to be due to the fact that marijuana continues to be listed as a controlled substance under U.S. federal law, with the result that marijuana-related practices or activities, including the cultivation, possession or distribution of marijuana, are illegal under U.S. federal law. However, management understands that the action by U.S. securities clearing firms also extends to securities of companies that carry on business operations entirely outside the United States. Accordingly, U.S. residents who acquire Common Shares as "restricted securities" (including any Warrant Shares pursuant to the exercise of Warrants) may find it difficult – if not impossible – to resell such shares over the facilities of any Canadian stock exchange on which the shares may then be listed. It remains unclear what impact, if any, this and any future actions among market participants in the United States will have on the ability of U.S. residents to resell any Common Shares that they may acquire in open market transactions. Our understanding is that all U.S. Brokers must use a clearing service to facilitate resale transactions over Canadian securities exchanges. Some U.S. brokers have self-clearing capabilities; those that do not must use third party clearing firms. This issue does not apply to the Depositary Trust Company.

Dividends

We intend to retain earnings, if any, to finance the growth and development of our business and do not intend to pay cash dividends on the Common Shares in the foreseeable future. The payment of future cash dividends, if any, will be reviewed periodically by the Board and will depend upon, among other things, conditions then existing including earnings, financial condition and capital requirements, restrictions in financing agreements, business opportunities and conditions and other factors.

The Company is subject to uncertainty regarding legal and regulatory status and changes.

Achievement of the Company's business objectives is also contingent, in part, upon compliance with other regulatory requirements enacted by governmental authorities and obtaining other required regulatory approvals. The regulatory regime applicable to the cannabis business in Canada is currently undergoing significant proposed changes and the Company cannot predict the impact of the regime on its business once the structure of the regime is finalized. Similarly, the Company cannot predict the timeline required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failing to obtain, required

regulatory approvals may significantly delay or impact the development of markets, products and sales initiatives and could have a material adverse effect on the business, results of operations and financial condition of the Company. The Company 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 in restrictions on the Company's operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's 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 Company.

Internal Control over Financial Reporting

Management has identified material weaknesses in internal control for the year ended December 31, 2017. See "Internal Control Over Financial Reporting".

SUBSEQUENT EVENTS

a) On January 2, 2018, the Company authorized 267,500 bonus units to be issued to a director, an advisor and an officer to be vested over 3 years. Each unit consists of one common share and one-half common share purchase warrant. Each warrant is exercisable into one common share at $3.00 per share.

b) Also on January 2, 2018, the Board of Directors approved bonus shares of 1,500,000 to an officer. The conditions to earn these bonus shares had been satisfied at as December 31, 2017 and $2,025,000 has been recognized in the reserve for share based compensation and general and administrative expenses, accordingly.

c) On January 4, 2018, the Company entered into a subscription agreement (the "Subscription Agreement") with Aurora Cannabis Inc. ("Aurora"), pursuant to which Aurora has acquired 33,333,334 subscription receipts at $1.65 per unit, for gross proceeds of $55 million. The subscription receipts will automatically convert into units at no additional cost upon the Company completing an initial public offering of its common shares and when the common shares are listed on a national Canadian stock exchange (the "Listing Date"). Each unit consists of 1 (one) common share and ½ (one half) of a common share purchase warrant of the Company. Each whole warrant entitles the holder to purchase 1 (one) common share at the exercise of price $3.00. If the Listing Date does not occur on or before July 31, 2018, the subscription receipts shall be automatically canceled, and the Company shall be required to repay to Aurora the proceeds from the subscription receipts plus an additional amount equal to 7.5% of the subscription proceeds. Pursuant to the Subscription Agreement, the Company also entered into:

   (i) a cannabis supply agreement with Aurora's wholly-owned subsidiary Aurora Cannabis Enterprises Inc. providing Aurora with the right to purchase up to 20% of the Company's annual production of organic cannabis;

   (ii) a consulting and maintenance services agreement with Aurora's wholly-owned subsidiary Aurora Larssen Projects Inc. to provide services to the Company on the completion and commissioning of the Company's facilities in Ancaster, Ontario and Valleyfield, Quebec; and

   (iii) an investor rights agreement with Aurora (the "Investor Rights Agreement") whereby Aurora has the option to incrementally increase its ownership in the Company to 51% upon TGODH achieving certain operational milestones. The Investor Rights Agreement also provides Aurora with the right to participate in any new equity offerings of TGODH to maintain its pro rata ownership.

d) On January 8, 2018, the Board of Directors approved the following options and bonus shares:

   (i) Bonus shares of 162,000 to be issued to an officer and an employee.

   (ii) 400,000 options to be granted to a director and to an advisor exercisable at $1.65 and vested over three years expiring on January 8, 2021.

e) On January 12, 2018, the Company completed the purchase of 2,001,134 Class A shares for $2,001,134, representing 49.99995%, of 9371-8633 Quebec Inc. ("QuebecCo") which holds a property located in the City of Salaberry-de-Valleyfield, Quebec ("Purchase Agreement"). Concurrently with the entering into the Purchase Agreement, the Company also:

   (i) entered into a shareholders' agreement with the other shareholders of QuebecCo whereby the Company obtained the option to purchase the remaining shares of QuebecCo, being 1,000,569 Class A shares and 1,000,569 Class B shares, the whole subject to the occurrence of certain events such as the obtaining of an approval from the

CPTAQ. The Company also granted an option to the other shareholders of QuebecCo to sell their shares of QuebecCo to the Company upon the same events. Under each such option, the purchase price is equal to $1 per share plus any dividend cumulated or declared but remaining unpaid. The Class B shares bear dividends at a cumulative and preferential rate of 9% of the fair market value of the consideration received by QuebecCo at the time of the issuance of such Class B shares while the dividends on Class A shares are left at the discretion of the directors of Quebec Co.

(ii) granted a loan in the amount of $1,000,569 (the "Loan") to the vendor of the Class A shares ("Vendor"). The Loan bears no interest and is secured by the Vendor's shares in QuebecCo. Upon the exercise of either the Company or the Vendor's option under the shareholders' agreement, the Loan will be set-off against the purchase price of the 1,000,569 Class A shares still held by the Vendor in QuebecCo

(iii) entered into a long-term lease agreement with two shareholders of 9371-8633 Quebec Inc., for $25,000 per year with an option to buy 100% of the property should the CPTAQ grant the exemption to the Company.

(iv) granted the Vendor 30,000 stock options to purchase common shares of the Company exercisable at $1.65 per common share for a period of three years.

f) On January 16, 2018, the Company completed a brokered and non-brokered private placement financing of 34,778,126 units at $1.65 per unit (the "Offering") for total gross proceeds of the private placement were $57,383,908. Each unit consists of 1 (one) common share and ½ (one half) of a common share purchase warrant of the Company. Each whole warrant entitles the holder to purchase 1 (one) common share at the exercise of price $3.00 until the earlier of 36 months from the date the Company's common shares are traded on a recognized exchange or February 28, 2021. Pursuant to the Offering, the Company also issued 630,484 broker warrants, 83,770 finders' units and 70,000 commission units, with the same terms as the Offering.

g) On January 31, 2018, the Board of Director established a "rolling" shares options plan in accordance with provisions of the Toronto Stock Exchange ("TSX") (the "New Option Plan") which fixes a maximum number of shares issuable thereunder as a percentage of the issued and outstanding securities of an issuer. The New Option Plan has been established to provide incentives to increase individual performance and shareholder value, and to assist with the retention of employees.

h) On March 22, 2018, the $150,000 USD advance to a related party on September 15, 2017 that was due March 26, 2018 was fully repaid.

i) On March 22, 2018, an agreement with Kubo was finalized with a total contract value of approximately $2,984,002 to supply the materials, labour, and assemble the major structural components for the greenhouses expected to be built on the Company's property. The value committed in foreign currencies amounted to $277,922 (U.S. $221,540) and $2,605,283 (EUR 1,703,855).

j) On March 23, 2018, the Company destroyed its remaining biological assets and is updating the existing facility.

k) On March 28, 2018, the Company granted 5,171,000 options to directors, officers, employees and consultants exercisable at $3.65 which vest over a period of three years. The options will vest 33.3% every twelve months from the date of grant.

l) On March 29, 2018, the Company filed its Prospectus with the Ontario Securities Commission ("OSC") to qualify the distribution of 28,000,000 units of the Company such units being the "units", at a price of $3.65 per Unit pursuant to the terms of an agency agreement on the TSX. The Company has received its receipt from the OSC however, the offering has not yet been completed as at the date of these consolidated financial statements..

m) On April 9, 2018, the Company finalized and executed a Project Advisory Services agreement for the building of the Quebec Facility where the fee will consist of a predetermined percentage of the work attributable to the greenhouse build phase of the project, a predetermined percentage of the cost of the work attributable to the innovation centre build phase of the project and a predetermined percentage of the cost of the work attributable to all other phases of the build project, in addition to any hourly-based rates for consulting services.

n) On April 11, 2018, the Company committed to purchasing high voltage distribution transformers for an estimated $1,125,415.

o) On April 13, 2018, the Company committed to excavation contracts for an estimated $12,316,756 at for the build of the Quebec facility.

p) On April 19, 2018, the Company executed an agreement worth an estimated $5,899,200 with a supplier to design, supply, assemble and commission a greenhouse cogeneration plant at its facility near Hamilton, Ontario.

OUTSTANDING SHARE DATA

As of the date of this MD&A, the Company had the following securities issued and outstanding:

Shares	159,101,657
Subscription Receipts	33,333,334
Options	15,028,600
Compensation Options	631,484
Warrants	44,267,161
Fully Diluted	**252,362,236**

See the Company's Consolidated Financial Statements for a detailed description of these securities.

INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company's ICFR are designed to provide reasonable assurance regarding the reliability of financial reporting in accordance with International Financial Reporting Standards. Management has concluded that material weaknesses existed with respect to certain internal controls and noted that they were not operating effectively as of December 31, 2017. A material weakness is a deficiency, or a combination of deficiencies, in ICFR where there is a possibility that a material misstatement of the financial statements may not be prevented or detected on a timely basis.

Weaknesses identified

IT General Controls – The Company's enterprise resource system ("ERP") did not have sufficient inherent controls in place to implement appropriate access controls related to user access and change management. This presented a risk for unauthorized or unintended manual journal entries within the system.

Analysis and review of contracts –A central repository did not exist for all material contracts, including those related to property, plant and equipment and construction in progress, to be reviewed on a timely basis. The impact of this weakness is that management may not have complete information which could impact the financial results of the Company.

Remediation plans

The Company has taken the following remedial actions:

- Additional human resources have been added to support the external financial reporting function at the Company including the addition of a designated Controller and other designated accounting staff.
- The Company has engaged a third party to assist in designing and implementing a new cross-functional ERP system to appropriately segregate duties and provide an opportunity for management to appropriately review individual transactions, user access rights and change management protocols.
- The Company is finalizing an engagement with third party resources to assist in a company-wide review of its control framework in accordance with the Committee of Sponsoring Organizations of the Treadway Commission ("COSO 2013 Framework"), so as to be ICFR-compliant for the second quarter of 2018.

Notwithstanding the foregoing, the Company has concluded that the financial statements accompanying this report are presented fairly in all material respects. The Company is committed to improving its DC&P and ICFR through continuous monitoring and review.