GTEC HOLDINGS LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE PERIODS ENDED

NOVEMBER 30, 2018 AND 2017

(Expressed in Canadian Dollars)

INTRODUCTION

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of GTEC Holdings Ltd. (the "Company", or "GTEC") constitutes management's review of the factors that affected the Company's financial and operating performance for the period ended November 30, 2018. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited consolidated financial statements for the year ended November 30, 2018 and the audited consolidated financial statements for the period ended November 30, 2017, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results for the period presented are not necessarily indicative of results that may be expected for any future years.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Additional information relating to the Company may be found on the Company's website at www.gtec.co.

The effective date of this report is March 26, 2019.

DESCRIPTION OF BUSINESS

GTEC Holdings Ltd. (formerly Black Birch Capital Acquisition III Corp.) (the "Company") was originally incorporated under the Canada Business Corporations Act and continued under the British Columbia Business Corporations Act effective as of July 28, 2017 as a Capital Pool Company ("CPC"). The Company's principal business activity at that time was to identify and evaluate opportunities for the acquisition of an interest in assets or businesses for the completion of a Qualifying Transaction (the "QT"). On June 12, 2018, the Company completed its QT and Business Combination with GreenTec Holdings Ltd. (the "Transaction") and the Company changed its name from Black Birch Capital Acquisition III Corp. to GTEC Holdings Ltd. Subsequent to the Transaction, the Company's principal business activity is pursuing opportunities in the cannabis industry and has the goal to identify and consolidate licensed producers of ultra premium cannabis under Health Canada's Cannabis Act & Regulations ("CA&R") and vertically integrating its operations by pursuing cannabis retail sales where permissible across Canada. The Company is a publicly traded company listed on the TSX Venture Exchange under the symbol "GTEC". The Company's head office is located at Suite 335 – 1632 Dickson Avenue, Kelowna, British Columbia, V1Y 7T2

Additional information in respect of the Company's Transaction and business is available in the Company's Filing Statement dated May 29, 2018, which is available under the Company's SEDAR profile at www.sedar.com.

OVERVIEW

The Company operates in one industry segment, the production, marketing and distribution of ultra-premium cannabis and its derivatives within one geographic area: Canada, having the following operating subsidiaries:

Alberta Craft Cannabis Inc.

Alberta Craft Cannabis Inc. (formerly GrenEx Pharms Inc.) ("ACC") is a corporation incorporated under the Government of Alberta Business Corporations Act on July 5, 2013. ACC received its CA&R Health Canada Cultivation License in September 2017. On November 8, 2018, ACC received its updated license from Health Canada under the Cannabis Act, permitting business-to-Business ("B2B") cannabis sales. ACC has a fully built and operationally ready 14,000 square foot ultra premium cannabis production facility capable of producing 1,300 kg of dried cannabis annually, with expansion capabilities at the current location. As at the date of this MD&A, ACC has completed infrastructure changes and regulatory approval to operate at its expected capacity, and is currently awaiting final inspection and approval for a Sales License from Health Canada.

OVERVIEW (CONTINUED)

Tumbleweed Farms Corp.

Tumbleweed Farms Corp. ("Tumbleweed") is a corporation incorporated under the BCBCA on April 14, 2014. Tumbleweed has completed the construction of its purpose-built 10,000 square foot facility and its Evidence Package Submission to Health Canada under the Cannabis Act to Confirm Readiness of Cultivation License was submitted on March 13, 2019. Tumbleweed is strategically located in Chase BC, about 8kms from the Trans-Canada Highway and situated just outside of the Kamloops City limits. The property sits on 23 acres of land with significant future expansion capabilities and access to an on-site gravity fed natural artesian well. Tumbleweed is projected to produce 1,000 KG of cannabis annually.

Grey Bruce Farms Inc.

Grey Bruce Farms Inc. ("Grey Bruce") is a corporation incorporated under the Federal laws of Canada on September 16, 2014. Grey Bruce has completed the construction of its 15,000 square foot facility and its currently in the process of completing its Evidence Package submission, under the Cannabis Act to Health Canada in order to obtain its Cultivation License. The facility is located in Kincardine, Ontario on 6 acres of land. Grey Bruce is projected to produce 1,640 KG of cannabis annually.

GreenTec Bio-Pharmaceuticals Inc.

GreenTec Bio-Pharmaceuticals Inc. ("GBP") is a corporation incorporated under the BCBCA on January 28, 2013. GBP has completed the purpose-built exterior of the facility and is in the process of completing the interior over Q2 and Q3. GBP anticipates commencement of cultivation in late 2019. First phase of the 80,000 square foot facility will be 20,000 square feet. The facility is located in Kelowna BC and will serve as GTEC's flagship cultivation facility. GBP has expansion potential at a second site located on 160 acres in the North Okanagan, as well as a third site located on 35 acres in Revelstoke, British Columbia. GBP Phase one is expected to produce 2,150 KG of cannabis annually, and upon completing its expansion, expects to produce 10,000 KG annually.

3PL Ventures Inc. (49% Ownership)

3PL Ventures Inc. ("3PL") is a privately owned corporation incorporated under the BCBCA on September 5, 2018. 3PL is a Joint Venture with a private corporation to develop a Licensed Producer, under Health Canada's Cannabis Act, with a phase one 60,000 square foot building currently being retrofitted. 3PL anticipates developing a second phase 180,000 square foot development, totalling 240,000 square feet. Upon completion of the final architectural designs, 3PL has determined that 134,000 square feet is the current maximum allowable without applying for a variance, for an aggregate operational size of 194,000 square feet. Subject to 3PL pursuing a variance, and furthermore, the respective municipality approving the application, the Company remains confident in a 180,000 square foot phase 2, maintaining an aggregate size of 240,000 square feet. 3PL is projected to produce 7,500 KG of cannabis annually.

Falcon Ridge Naturals Ltd.

Falcon Ridge Naturals Ltd. ("Falcon Ridge") is a corporation incorporated under the BCBCA on November 3, 2017. Falcon Ridge is located on a certified organic farm located in Kelowna, B.C, which specializes in growing Echinacea Angustifolia and producing organic Echinacea products. Falcon Ridge was a GTEC-owned late stage applicant (10-MM006) under the CA&R, operating on the Falcon Ridge Farms property. During the year ended November 30, 2018, the City of Kelowna declined Falcon Ridge's building permit application. Following that decision the Company elected not to appeal the City of Kelowna's decision and seek a variance. Accordingly, the investment in Falcon has been recorded as an Asset Held for Sale on the consolidated statement of financial position as at November 30, 2018. On February 22, 2019 the Company completed the sale of its interest in Falcon Ridge to its original vendor for gross proceeds of $200,000.

OVERVIEW (CONTINUED)

Zenalytic Laboratories Ltd.

Zenalytic Laboratories Ltd. ("ZenLabs") is a corporation incorporated under the BCBCA on May 12, 2015. ZenLabs is a full service chemical and microbiological diagnostics laboratory for soil, water, and cannabis. On July 13, 2018, ZenLabs received its Dealers License from Health Canada under the Narcotic Control Regulations. Additionally, on September 6, 2018, ZenLabs received approval from Health Canada to expand the scope of its license to include authorization to process cannabis flower into cannabis oil for the Company's subsidiaries.

ZenLabs intends to evaluate cannabis potency by profiling cannabinoids. These molecules provide many of the therapeutic and psychoactive effects felt when inhaling or ingesting cannabis. The most commonly known cannabinoids are THC, CBD, CBN and CBG. ZenLabs intends to use high performance liquid chromatography to measure and profile the cannabinoid content as required to meet the high quality testing standards demanded by the industry. ZenLabs also intends to use acid digestion, followed by inductively coupled plasma mass spectrometry to screen cannabis samples for heavy metals, and uses a variety of planting and microscopic techniques to determine if the samples contain any microbial contamination.

In addition to cannabis testing, ZenLabs intends to offer customized environmental test packages tailored to their customers' needs. These packages can include, among other things, basic water quality testing, microbial testing, metals screening, agricultural contamination screening, organic contaminant testing, soil fertility testing, metals and heavy metals testing, and manure and compost testing.

Spectre Labs Inc.

Spectre Labs Inc. ("Spectre") is a corporation incorporated under the BCBCA on February 9, 2018. Spectre will utilize a warehouse facility, owned by GTEC, and located at 106 - 391 Tilley Road, Kelowna, British Columbia. GTEC intends to convert this facility to a cannabis extraction and processing laboratory. Therefore, GTEC plans to submit an application to the Office of Controlled Substances for a Dealer's License. It is the intention of GTEC that the site will be developed in a phased approach and will serve as a Good Manufacturing Practices grade facility with extraction, formulation, compounding and export capabilities to support GTEC's LPs, LP applicants, and the global medical cannabis market.

GreenTec Retail Saskatchewan Inc. (75% Ownership)

GreenTec Retail Saskatchewan Inc. ("GTEC Sask") has made significant progress by establishing a 'bricks and mortar" retail store in Nipawin Saskatchewan and an e-commerce fulfillment centre in Saskatoon. Both of these locations will supply the recreational cannabis market in the province of Saskatchewan. Moreover, the Saskatchewan Liquor and Gaming Authority regulatory regime will allow GTEC to directly supply these retail operations with high quality ultra premium cannabis, grown at its Licensed Producer facilities in British Columbia and Alberta.

Cannabis Cowboy Inc. (25% Ownership)

Cannabis Cowboy Inc. ("Cannabis Cowboy") is a privately owned recreational cannabis and accessories retailer based in Calgary, Alberta, Canada. Following approval from the Canadian Federal Government to legalize cannabis for recreational use, Cannabis Cowboy will begin offering retail dispensary services in Alberta and Ontario. To meet the rapidly growing demand for cannabis products and services, Cannabis Cowboy has developed an ambitious growth strategy to develop up to 30 turnkey retail locations within the near term.

RESULTS OF OPERATION

For the year ended November 30, 2018, compared to the period ended November 30, 2017:

The Company had a net loss and comprehensive loss of $10,536,831 for the year ended November 30, 2018, (2017: $923,743).

The significant variances in net loss between comparative period include:

- Revenue of $57,756 (2017: $Nil) related to ACC's first sale of cannabis following receipt of the November 8, 2018, updated license from Health Canada permitting B2B cannabis sales.
- Gross Profit of $175,631 (2017: Nil) due to the unrealized gain on changes in fair value of biological assets due to biological transformation of cannabis plants.
- Marketing and Advertising expenses were $991,491 (2017: $66,857) as the Company completed the Transaction and fully implemented its market awareness initiatives.
- Amortization was $194,969 (2017: $Nil) as the assets forming the Company's ACC and ZenLabs business units were available for use as at June 1, 2018.
- Business Fees and Licenses were $74,378 (2017: $Nil) as the company had licensing requirements for its subsidiaries.
- Consulting Fees were $2,510,456 (2017: $121,994) due to the Company's continued reliance on third party consultants, the Transaction, and the ongoing construction at Tumbleweed, Grey Bruce and GBP, and the capital improvements undertaken at ACC.
- Interest and accretion was $437,610 (2017: $Nil) which was accrued interest on the $5,000,000 Convertible Debenture and accrued interest on the $2,000,000 Convertible Debenture (see note 15) of the audited consolidated financial statements for the period ended November 30, 2018).
- Professional Fees were $1,722,482 (2017: $130,467) due to the Transaction, continued acquisition due diligence and ongoing investment activity (such as Cannabis Cowboy and 3PL).
- Salaries and Wages were $975,736 (2017: Nil) due to the continued addition of a salaried employees during the period.
- Share-Based Payments were $2,609,389 (2017: $494,965) was for employee share based payments, consulting services and was the fair value of stock options vested in the period.
- Listing fees of $1,735,730 (2017: Nil) was related to the reverse take-over transaction as described in note 1 of the audited consolidated financials statements at November 30, 2018.

For the three months ended November 30, 2018, compared to November 30, 2017:

The Company had a net loss and comprehensive loss of 3,246,093 for the three months ended November 30, 2018 (2017: $832,449). The significant variance in the net loss between the comparative periods was due to the fact that the Company was in its inception stages in the comparative period and only minimal costs restricted to professional fees, consulting fees and share-based payments were incurred in the comparative period.

SELECTED ANNUAL INFORMATION

	For the year ended November 30, 2018	For the period ended November 30, 2017
	$	$
Revenue	57,756	-
Assets	40,316,484	4,378,120
Non-current liabilities	5,572,345	-
Net loss	10,536,831	923,743
Net loss attributed to shareholders of the Company	10,527,438	923,743
Basic and diluted loss per common share	0.14	0.06

SUMMARY OF QUARTERLY RESULTS

Three months ended	Revenue	Net loss	Net loss attributed to shareholders of the Company	Basic and diluted loss per common share
	$	$	$	$
November 30, 2018	57,756	3,246,093	3,236,700	0.04
August 31, 2018	-	2,477,950	2,477,950	0.03
May 31, 2018		1,488,067	1,488,067	0.02
February 28, 2018	-	3,324,721	3,324,721	0.06
November 30, 2017	-	832,449	832,449	0.06
August 31, 2017	-	91,294	91,294	0.00
May 31, 2017	N/A	N/A	N/A	N/A
February 28, 2017	N/A	N/A	N/A	N/A

ACQUISITIONS

General Development of the Business

Since incorporation on June 2, 2017, the Company has undergone numerous transactions to expand its holdings in the medical and legal recreational cannabis industry in Canada for "adult use" of cannabis.

On or about August 20, 2017, the decision was made to consolidate the various interests held by the Founders of GreenTec Holdings Ltd. ("GreenTec") in their growing portfolio of cannabis related businesses. The consolidation resulted in bringing significant assets to capital markets through a consolidated rollup strategy of ultra premium cannabis entities with the intention to go public within 12 months. The GreenTec Founders decided to raise external capital to complete this reorganization.

Given the interests of the GreenTec Founders in both GreenTec, as parent company, and in many of the individual businesses to be consolidated, many of the acquisitions transactions were considered non-arm's length transactions.

In order to ensure the fairness of pricing the non-arm's length sale of Grey Bruce, 1118, and GBP by the GreenTec Founders to GreenTec. GreenTec has consulted two metrics to benchmark the valuation of its acquisitions against other cannabis production companies. The first metric, "license value per gram" ("LVPG"), is a measure determined by dividing the valuation of the LP or LP applicant by the full capacity of its cannabis production facility, which for greater certainty, assumes full construction and licensing of the facility's targeted capacity. The second metric, "license value per square foot" ("LV/Sq") is a measure determined by dividing the valuation of the LP or LP application by the target square footage assuming full-development of the cannabis production facility.

ACQUISITIONS (CONTINUED)

General Development of the Business (Continued)

GreenTec reviewed the above-noted transaction metrics against a set of 14 acquisitions of LPs and/or LP applicants made by publicly listed corporations (the "Market Data"), as well as a subset of "guideline" companies, whereby an analysis was done to determine the value of cultivation licenses by estimating enterprise value and subtracting tangible assets. The review found that the prices paid for both Tumbleweed and Grey Bruce were well below the median transaction metrics of the Market Data and were also below the guideline company metrics. The price paid by GreenTec for GBP was higher than the median of the Market Data but below the average guideline company metrics.

Set out below are the events and conditions which have influenced the general development of GreenTec's business, including its various acquisitions and the licenses held and under application by its subsidiaries.

Significant Acquisitions of the Business

Grey Bruce Farms Incorporated

On September 15, 2017, the Company executed a share purchase agreement with the shareholders of Grey Bruce Farms Incorporated ("Grey Bruce"), whereby the Company acquired 100% of the issued and outstanding common shares of Grey Bruce in exchange for cash payments of $215,000 and issuance of 170,000 common shares valued at $34,000 for total consideration of $249,000. In addition to the consideration paid, the Company has also committed to issue common shares valued at $3,750,000 and make cash payments of $250,000 contingent on future events as follows:

Common shares	Cash	Due upon
$	$	
-	250,000	Completion of Grey Bruce's construction of a Health Canada approved cannabis production facility in compliance with the CA&R
1,000,000	-	Grey Bruce obtaining a license to produce cannabis under the CA&R
1,250,000	-	Grey Bruce obtaining a license to sell cannabis under the CA&R
300,000	-	Upon Grey Bruce's first harvest having passed quality assurance and quality control tests as set out by Health Canada
300,000	-	Upon Grey Bruce's second harvest having passed quality assurance and quality control tests as set out by Health Canada
300,000	-	Upon Grey Bruce's third harvest having passed quality assurance and quality control tests as set out by Health Canada
300,000	-	Upon Grey Bruce's fourth harvest having passed quality assurance and quality control tests as set out by Health Canada
300,000	-	Upon Grey Bruce's fifth harvest having passed quality assurance and quality control tests as set out by Health Canada
3,750,000	**250,000**	

The number common shares issuable upon the occurrence of future events are to be based on the greater of (A) the then three-day volume-weighted average trading price of the Company's common share and (B) $0.05 per common share of the Company.

The Company has accounted for the purchase as an asset acquisition as Grey Bruce did not meet the definition of a business under IFRS 3, "Business Combinations". In accordance with IAS 37, only obligations arising from past events that exist independently of the entity's future actions are recognized as provisions. As a result, the Company has not recorded any contingent consideration related to the acquisition of Grey Bruce.

ACQUISITIONS (CONTINUED)

Significant Acquisitions of the Business (Continued)

Grey Bruce Farms Incorporated (Continued)

The following table summarizes the total consideration, the book value of the identifiable assets acquired and liabilities assumed as of the date of the acquisition:

	$
Cash paid	215,000
Fair value of common shares issued	34,000
Total consideration	249,000
Assets acquired:	
Cash	47,601
Amounts receivable	1,913
Less liabilities assumed:	
Accounts payable and accrued liabilities	(85,781)
Other payables	(50,000)
Due to shareholders	(165,000)
Net liabilities assumed	(251,267)

As Grey Bruce was a related party due to common control, the control of the assets acquired did not change. Therefore, the Company recorded the initial assets and liabilities at their book values and charged the difference of $335,267 to deficit during the period ended November 30, 2017.

1118157 B.C. Ltd. (Tumbleweed Farms Corp.)

On November 30, 2017 the Company executed a share purchase agreement with the shareholders of 1118157 B.C. Ltd. ("1118 BC") whereby the Company acquired 100% of the issued and outstanding common shares of 1118 BC in exchange for cash payments of $585,870, issuance of 500,000 common shares valued at $100,000 and the Company incurred acquisition costs of $70,000 for total consideration of $755,870. As part of the acquisition of 1118 BC, the Company also acquired Tumbleweed Farms Corp. ("Tumbleweed"), a wholly owned subsidiary of 1118 BC. In addition to the consideration paid, the Company has also committed to issue additional shares valued at $750,000 contingent on future events as follows:

Common shares	**Due upon**
$	
250,000	Completion of Tumbleweed's construction of a Health Canada approved cannabis production facility in compliance with the CA&R
250,000	Tumbleweed obtaining a license to produce cannabis under the CA&R
250,000	Tumbleweed obtaining a license to sell cannabis under the CA&R
750,000	

ACQUISITIONS (CONTINUED)

Significant Acquisitions of the Business (Continued)

1118157 B.C. Ltd. (Tumbleweed Farms Corp.) (Continued)

In August 2017, prior to the acquisition of 1118 BC by the Company, 1118 BC acquired 100% of the issued and outstanding common shares of Tumbleweed. Upon acquisition of 1118 BC, the Company also assumed the following commitment to issue common shares valued at $1,500,000 and make cash payments of $2,500,000 contingent on future events as follows:

Common shares	Cash	Due upon
$	$	
-	250,000	Completion of Tumbleweed's construction of a Health Canada approved cannabis production facility in compliance with the CA&R
-	1,000,000	Tumbleweed obtaining a license to produce cannabis under the CA&R
-	1,250,000	Tumbleweed obtaining a license to sell cannabis under the CA&R
300,000	-	Upon Tumbleweed's first harvest having passed quality assurance and quality control tests as set out by Health Canada
300,000	-	Upon Tumbleweed's second harvest having passed quality assurance and quality control tests as set out by Health Canada
300,000	-	Upon Tumbleweed's third harvest having passed quality assurance and quality control tests as set out by Health Canada
300,000	-	Upon Tumbleweed's fourth harvest having passed quality assurance and quality control tests as set out by Health Canada
300,000	-	Upon Tumbleweed's fifth harvest having passed quality assurance and quality control tests as set out by Health Canada
1,500,000	**2,500,000**	

The number of common shares issuable upon the occurrence of future events are to be based on the greater of (A) the then three-day volume-weighted average trading price of the Company's common share and (B) $0.05 per common share of the Company.

See Subsequent Event Note 22 (xi) of the November 30, 2018 Financial Statements regarding an amendment to the purchase agreement and contingent cash consideration payable to the vendors of 1118 BC.

The Company has accounted for the purchase as an asset acquisition as 1118 BC did not meet the definition of a business under IFRS 3, "Business Combinations". In accordance with the Company's account policy, only obligations arising from past events that exist independently of the entity's future actions are recognized as provisions. As a result, the Company has not recorded any contingent consideration related to the acquisition of 1118 BC.

ACQUISITIONS (CONTINUED)

Significant Acquisitions of the Business (Continued)

1118157 B.C. Ltd. (Tumbleweed Farms Corp.) (Continued)

The following table summarizes the total consideration, the book value of the identifiable assets acquired and liabilities assumed as of the date of the acquisition:

Cash paid	585,870
Acquisition costs	70,000
Fair value of common shares issued	100,000
Total consideration	755,870
Assets acquired:	
Land	330,311
Property and equipment	92,210
Less liabilities assumed:	
Due to shareholders	(585,870)
Net liabilities assumed	(163,349)

As 1118 BC was a related party due to common control, the control of the assets acquired did not change. Therefore, the Company recorded the initial assets and liabilities at their book values and charged the difference of $333,349 to deficit. On February 28, 2018, the Company dissolved 1118 BC and all assets and liabilities of 1118 BC were allocated to Tumbleweed.

Zenalytic Laboratories Ltd.

On November 30, 2017, the Company executed a share purchase agreement with the shareholders of Zenalytic Laboratories Ltd. ("ZenLabs") whereby the Company acquired 100% of the issued and outstanding common shares of ZenLabs in exchange for cash payments of $151,233 and issuance of 3,759,583 common shares valued at $751,917 for total consideration of $903,150. In addition to the consideration paid, the Company has also committed to issue common shares valued at $1,000,000 contingent on future events as follows:

Common shares	Cash	Due upon
$	$	
500,000	-	ZenLabs obtaining of a dealer's license under the Narcotic Control Regulations (Canada) or other such license which would enable the entity to provide analytical lab testing of cannabis products for registrants under the s. 56 Class Exemption, Controlled Drugs and Substances Act (Canada)
500,000	-	ZenLabs obtaining of approval from Health Canada to conduct extraction of cannabis
1,000,000	-	

On September 7, 2018 the Company announced that ZenLabs received an approval from Health Canada expanding the scope of its Dealers License. The Dealers License was issued pursuant to the provisions of the Controlled Drugs and Substances Act and its Regulations on July 20, 2018. This provided the Company with approval to perform analytical testing on cannabis and specific cannabinoids. The Company subsequently applied to expand the scope of its license to include authorization to process cannabis flower into cannabis oil. Health Canada approved this request effective September 6, 2018. Further to the ZenLabs share purchase agreement dated November 30, 2017, and following receipt of the expanded scope of its Dealers License permitting "extraction", the Company incurred a share issuance obligation of 1,263,274 common shares to the shareholders of ZenLabs, which has been charged to deficit.

ACQUISITIONS (CONTINUED)

Significant Acquisitions of the Business (Continued)

Zenalytic Laboratories Ltd. (Continued)

The number common shares issuable upon the occurrence of future events are based on the greater of (A) the then three-day VWAP of the Company's common share and (B) $0.05 per common share of the Company.

The Company has accounted for the purchase as an asset acquisition as ZenLabs did not meet the definition of a business under IFRS 3, "Business Combinations". In accordance with the Company's account policy, only obligations arising from past events that exist independently of the entity's future actions are recognized as provisions. As a result, the Company has not recorded any contingent consideration related to the acquisition of ZenLabs.

The following table summarizes the total consideration, the book value of the identifiable assets acquired and liabilities assumed as of the date of the acquisition:

	$
Cash paid	151,233
Fair value of common shares issued	751,917
Total consideration	903,150
Assets acquired:	
Cash	2,689
Property and equipment	216,394
Less liabilities assumed:	
Accounts payable and accrued liabilities	(9,367)
Due to shareholders	(631,233)
Net liabilities assumed	(421,517)

As ZenLabs was a related party due to common control, the control of the assets acquired did not change. Therefore, the Company recorded the initial assets and liabilities at their book values and charged the difference of $693,434 to deficit.

GreenTec Bio-Pharmaceuticals Inc.

On November 30, 2017, the Company executed a share purchase agreement with the shareholders of GreenTec Bio-Pharmaceuticals Inc. ("GBP") whereby the Company acquired 100% of the issued and outstanding common shares of GBP in exchange for cash payments of $50,265 and the issuance of 3,000,000 common shares valued at $600,000 for total consideration of $650,265. In addition to the consideration paid, the Company has also committed to issue common shares valued at $8,250,000 contingent on future events as follows:

Common shares	Due upon
$	
1,000,000	Completion of GBP's construction of a Health Canada approved cannabis production facility in compliance with the CA&R
1,500,000	GBP obtaining a license to produce cannabis under the CA&R
2,000,000	GBP obtaining a license to sell cannabis under the CA&R
1,500,000	GBP obtaining approval form Health Canada to increase cannabis production by at least 8,500 kg and completing construction to accommodate such increased production (the "Expansion")
2,250,000	GBP obtaining an amendment to its cannabis sales license from Health Canada to reflect the Expansion
8,250,000	

ACQUISITIONS (CONTINUED)

Significant Acquisitions of the Business (Continued)

GreenTec Bio-Pharmaceuticals Inc. (Continued)

The number common shares issuable upon the occurrence of future events are to be based on the greater of (A) the then three-day volume-weighted average trading price of the Company's common share and (B) $0.05 per common share of the Company.

The Company has accounted for the purchase as an asset acquisition as GBP did not meet the definition of a business under IFRS 3, "Business Combinations". In accordance with the Company's account policy, only obligations arising from past events that exist independently of the entity's future actions are recognized as provisions. As a result, the Company has not recorded any contingent consideration related to the acquisition of GBP.

The following table summarizes the total consideration, the book value of the identifiable assets acquired and liabilities assumed as of the date of the acquisition:

	$
Cash paid	50,265
Fair value of common shares issued	600,000
Total consideration	650,265
Assets acquired:	
Current assets	22,263
Property and equipment	19,137
Less liabilities assumed:	
Accounts payable and accrued liabilities	(11,152)
Income taxes payable	(20,333)
Due to shareholders	(50,265)
Net liabilities assumed	(40,350)

As GBP was deemed to be a related party due to common control, the control of the assets acquired did not change. Therefore, the Company recorded the initial assets and liabilities at their book values and charged the difference of $640,350 to deficit during the period ended November 30, 2017.

Falcon Ridge Naturals Ltd.

On January 31, 2018, the Company executed a share purchase agreement with the shareholders of Falcon Ridge Naturals Ltd. ("Falcon") whereby the Company acquired 100% of the issued and outstanding common shares of Falcon in exchange for cash consideration of $200,000..

On May 31, 2018 the shareholders of Falcon and the Company had agreed to extend the payable amount until such time as Falcon receives a building permit from the City of Kelowna. As at November 30, 2018, building permits were still pending with the City of Kelowna.

During the year ended November 30, 2018, the Company abandoned the pursuit of the building permit with the city of Kelowna and the license to sell cannabis under the CA&R and instead will focus on other opportunities. Subsequent to November 30, 2018, the Company sold 100% of the issued and outstanding common shares of Falcon to its previous owner for total cash consideration of $200,000. Accordingly, the investment in Falcon has been recorded as an Asset held for sale on the consolidated statement of financial position as at November 30, 2018.

ACQUISITIONS (CONTINUED)

Significant Acquisitions of the Business (Continued)

Falcon Ridge Naturals Ltd. (Continued)

The following table summarizes the total consideration, the fair value of the identifiable assets acquired and liabilities assumed as of the date of the acquisition:

	$
Cash paid	200,000
Total consideration	200,000
Assets acquired:	
Intangible assets	200,000
Net assets acquired	200,000

Alberta Craft Cannabis Inc.

On January 31, 2018, the Company executed a share purchase agreement with the shareholders of Alberta Craft Cannabis Inc. ("ACC") whereby the Company acquired 100% of the issued and outstanding common shares of ACC in exchange for cash payments of $6,000,000 and issuance of 16,765,353 common shares valued at $10,059,212 for total consideration of $16,059,212. In addition to the consideration paid, the Company has also committed to issue 1,200,000 common shares contingent upon ACC obtaining a license to sell cannabis under the CA&R. As part of the acquisition of ACC, the Company also acquired 100% of the issued and outstanding common shares of 1884341 Alberta Ltd., which was dissolved on February 28, 2018.

For accounting purposes, the acquisition of ACC was considered a business combination and accounted for using the acquisition method. The results of operations from ACC are included in the audited consolidated financial statements since the date of acquisition.

The Company applied a market approach, and specifically the mergers and acquisition method, for measuring the fair value of the license to produce medical cannabis. This valuation model uses data from actual market transactions regarding the sale of similar companies or groups of assets to determine the price of the asset under review.

The following table summarizes the total consideration, the fair value of the identifiable assets acquired and liabilities assumed as of the date of the acquisition:

	$
Cash paid	6,000,000
Fair value of common shares issued	10,059,212
Fair value of common shares issuable	720,000
Assumption of amounts due to shareholders	(3,873,886)
Total consideration	12,905,326
Assets acquired:	
Current assets	58,974
Long-term deposits	10,281
Property and equipment	1,097,996
Intangible assets	9,900,000
Goodwill	7,677,961
Less liabilities assumed:	
Due to shareholders	(3,873,886)
Deferred income taxes	(1,966,000)
Net assets acquired	12,905,326

ACQUISITIONS (CONTINUED)

Significant Acquisitions of the Business (Continued)

Alberta Craft Cannabis Inc. (Continued)

The resulting goodwill represents the sales and growth potential of ACC and will not be deductible for tax purposes.

The accounting for this business combination has not yet been finalized and the Company is reporting provisional amounts for the items for which the accounting is not complete. These provisional amounts may be adjusted during the measurement period, or additional assets or liabilities may be recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

REVERSE TAKE-OVER TRANSACTION AND LISTING EXPENSE

The Transaction described in Note 1 of the audited consolidated financial statements, for accounting purposes, is considered to be outside the scope of IFRS 3 - *Business Combinations* since the Company had limited inputs, processes, and outputs – as defined by IFRS 3 - prior to the transaction. Activities were limited to the management of cash resources and the maintenance of its stock exchange listing and did not constitute a business for accounting purposes. As a result, the transaction is accounted for in accordance with IFRS 2 - *Share-based Payment* whereby the Company is deemed to have issued shares in exchange for the net assets or liabilities together with its listing status at the fair value of the consideration received.

Since the issuance of common shares of the Company to the former shareholders of GreenTec Holdings Ltd. on closing the acquisition is considered within the scope of IFRS 2, and the Company cannot identify specifically some or all of the goods or service received in return for the allocation of the shares, the value in excess of the net identifiable assets or obligations plus liabilities assumed by the Company acquired on closing was expensed in the consolidated statement of comprehensive loss as a listing expense.

The listing expense is summarized as follows:

	$
Fair value of share based consideration allocated:	
Deemed issuance of 1,180,895 common shares	1,771,343
Fair value of stock options outstanding	722
	1,772,065
Identifiable net assets acquired:	
Current assets	(129,443)
Liabilities	13,598
	(115,845)
Professional fees related to the transaction	79,510
Total listing expense	**1,735,730**

ASSETS HELD FOR SALE

As at November 30, 2018 and 2017, assets classified as held for sale included the following:

	2018	2017
	$	$
Intangible asset	200,000	-
Land	821,397	-
Building	1,521,442	-
	2,542,839	**-**

The intangible asset related to Falcon Ridge was acquired during the year ended November 30, 2018 and disposed of subsequent to November 30, 2018 at its carrying value (see Note 5 in the audited consolidated financial statements at November 30, 2018). The land and building are being held for sale at their fair value, which have been disposed of subsequent to November 30, 2018 (See Note 22(x) of the Company's audited consolidated financial statements).

INVESTMENT IN ASSOCIATE

During the year ended November 30, 2018, the Company acquired 49% of the issued and outstanding common shares of 3PL Ventures Inc. ("3PL"). The Company paid $49 cash and issued 1,600,490 common shares of the Company pursuant to a series of agreements related to the acquisition of the Company's interest in 3PL (together, the "Purchase Agreement") with its one other shareholder. Pursuant to the Purchase Agreement, 3PL is in the process of constructing a production facility to meet Health Canada standards for a licensed cannabis cultivation facility in accordance with the CA&R. The other shareholder of 3PL shall provide a maximum of up to $9,000,000 in funding for 3PL through shareholder loans to finance the build out and equipping of the facility being constructed whereas the Company will make an application for a Research License under the Cannabis Act in order to enable 3PL to import and export cannabis and cannabis products. The Company has committed to advance a shareholder loan of up to a maximum of $1,000,000 to fund the completion of the facility.

The following table summarizes the change in investment in associate for the period ended November 30, 2018 and 2017:

	2018	2017
	$	$
Opening balance	-	-
Cash paid	49	-
Fair value of common shares issued	1,250,000	-
Equity loss on investment	(390,190)	-
	859,859	**-**

Pursuant to the Purchase Agreement, the Company has also agreed to issue common shares with a fair value of $1,250,000 contingent upon future events. In addition, the Company also has the option to purchase the remaining 51% interest from the other shareholder upon receipt of 3PL's sales license from Health Canada.

OUTLOOK

As of the date of this MD&A, the Company has completed a number of acquisitions and is continually working to add value through growth of current investments and is open to additional acquisition opportunities as they become available. The Company's primary objective is to identify, grow and build companies that are complementary to one another. The Company's strategy is to target small and mid-sized companies with strong brand potential, and a significant growth opportunity. We work in partnership with management teams to increase shareholder value through business planning and process integration, developing and executing growth strategies, leveraging our experience and relationships, and structuring and deploying the proper capital to support long-term growth.

LIQUIDITY

As at November 30, 2018, the Company had a working capital surplus of $3,065,779, which included a cash balance of $917,601.

As of the date of this MD&A, the Company had:

a) Completed the abovementioned acquisitions;
b) Completed retrofit construction of ACC;
c) Completed construction at the Tumbleweed, Grey Bruce and ZenLabs facilities; and
d) Received the B2B cannabis sales license for ACC.

As at the date of this MD&A the Company has derived nominal revenue from its operations, however, activities have been funded through equity financing and the Company expects that it will continue to be able to utilize this source of financing until the Company has sufficient cash flow to sustain operations. There can be no assurance, however, that efforts will be successful. If such funds are not available or other sources of financing cannot be obtained, then the Company will be curtailed to a level for which funding is available or can be obtained.

CAPITAL RESOURCES

The Company has operations that generate nominal cash flow, however, the Company continues to be dependent on the placement of our common shares to raise capital.

Objectives when managing capital are to:

a) Provide an adequate return to shareholders;
b) Provide adequate and efficient funding for operations;
c) Continue the development of cannabis sector assets and support any expansion plans;
d) Allow flexibility for investment in other cannabis sector assets; and
e) Maintain a capital structure, which optimizes the cost of capital at acceptable risk.

In the management of capital, all accounts are included in shareholders' equity. As at November 30, 2018, the Company had no bank indebtedness.

The Company is not subject to any externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the fiscal year.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires management to make certain estimates and apply judgment affecting the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of expenses during the reporting period.

The areas involving higher degrees of judgement, or areas where assumptions and estimates are significant to the financial statements are:

Biological assets and inventory

In calculating the value of the biological assets and inventory, 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 final inventory values, management is required to determine an estimate of spoiled or expired inventory and compares the inventory cost to estimated net realizable value.

Estimated useful lives and impairment considerations

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 a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at their fair values. 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.

Investments in associates

Management exercises judgment in determining whether the Company has acquired significant influence over an entity. An assessment of significant influence is performed at the inception of a relationship between any entity and the Company. When performing this assessment, the Company considers all facts and circumstances, and it must reassess whether it still has significant influence over an investee if facts and circumstances indicate there are changes to one or more of the conditions of significant influence.

Share-based compensation and warrants

In calculating the share-based compensation expense, key estimates such as the rate of forfeiture of options granted, the expected life of the option, the volatility of the Company's stock price and the risk-free interest rate are used. In calculating the fair 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.

Deferred tax assets and liabilities

The estimation of income taxes includes evaluating the recoverability of deferred tax assets and liabilities based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assess whether it is probably that some or all of the deferred income tax assets and liabilities will be realized. The ultimate realization of deferred tax assets and liabilities is dependent upon the generation of future taxable income. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets or liabilities, and deferred income tax provisions or recoveries could be affected.

Discount rate used for convertible debentures

The carrying value of the convertible debentures is subject to management's estimates in determining an appropriate discount rate based on similar instruments with no conversion features.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Going concern
Management applies judgment in its evaluation of the Company's ability to continue as a going concern.

STANDARDS, AMENDMENTS AND INTERPRETATONS NOT YET EFFECTIVE

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are not mandatory for accounting periods beginning before January 1, 2018. They have not been early adopted in these consolidated financial statements and are expected to affect the Company in the period of initial application. In all cases the Company intends to apply these standards from application date as indicated below:

Effective for annual periods beginning on January 1, 2018

IFRS 2 Share-based Payment
The amendments clarify the classification and measurement of share-based payment transactions.

IFRS 9 Financial Instruments – Classification and Measurement
IFRS 9 is the first step in the process to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduces new requirements for classifying and measuring financial assets and liabilities and carries over from the requirements of IAS 39.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 is a new standards which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition.

The Company does not expect any significant impact on its consolidated financial statements as a result of the adoption of the above noted standards.

Effective for annual periods beginning on January 1, 2019

IFRS 16 Leases
IFRS 16 is a new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties of a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model.

FINANCIAL INSTRUMENTS

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, foreign currency risk and commodity and equity price risk).

The Company's management team carries out risk management with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

The Company's financial instruments consist of cash, receivable, accounts payable and accrued liabilities. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values.

Market Risk

Market risk is the risk that the fair value of future cash flows will fluctuate due to changes in market prices. Market prices are comprised of three types of risk: foreign currency risk, interest rate risk, and commodity price risk.

Foreign Currency Risk

The Company operates primarily in Canadian dollars and as such is not affected by the fluctuations of the Canadian dollar with other currencies.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company's current policy is to invest excess cash in certificates of deposit or interest bearing accounts of major Canadian chartered banks. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its financial institutions.

Cash is subject to floating interest rates. Sensitivity to a plus or minus 1% change in interest rates would not have a material impact on the reported consolidated net loss and comprehensive consolidated net loss for the period.

Commodity Price Risk

The Company is exposed to price risk with respect to commodity prices of medical cannabis. As a result, commodity price risk may affect the Company's ability to operate profitably, completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash. At present, the Company holds its cash in Canadian rated financial institutions and will only consider investment of excess cash in highly rated government and corporate debt securities or guaranteed certificates from Canadian chartered banks. The Company has established guidelines, including diversification, credit ratings and maturities, to ensure safety and liquidity of its cash.

As at November 30, 2018, the Company's exposure is the carrying value of the financial instruments. The Company's maximum exposure to credit risk is the carrying value of its financial assets.

Currency Risk

The Company operates primarily in Canadian dollars and as such is not affected by the fluctuations of the Canadian dollar with other currencies.

FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. To the extent that the Company does not believe it has sufficient liquidity to meet its current obligations, the Board of Directors considers securing additional funds through issuances of equity and debt or partnering transactions. The Board of Directors approves the Company's annual operating and capital budgets as well as any material transactions outside the ordinary course of business. Management regularly reviews these budgets and maintains short-term cash flow forecasts.

The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other accounts payable.

Maturity Risk

1) The Company's cash balance at November 30, 2018 is in the amount of $917,601. At November 30, 2018 the Company had amounts receivable of $992,760, accounts payable and accrued liabilities of $1,937,590 and interest payable of $207,781. All accounts payable and accrued liabilities are current.
2) As at November 30, 2018, the Company did not have derivative financial liabilities with contractual maturities.
3) Management of liquidity risk: Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses and commitments in (1) and (2) for a period of 90 days. To achieve this objective, the Company prepares annual capital expenditure budgets, which are regularly monitored and updated as considered necessary. Further, the Company utilizes authorizations for expenditures on exploration projects to further manage expenditure.

The following table summarizes the maturities of the Company's financial liabilities as at November 30, 2018 based on the undiscounted contractual cash flows:

	Carrying Amount	Contractual Cash Flows	Less than 1 year	1 – 3 years	4 – 5 years	After 5 years
Accounts payable	$ 1,937,590	$ 1,937,590	$ 1,937,590	-	-	-
Due to related parties	5,803	5,803	5,803	-	-	-
Interest payable	207,781	207,781	207,781	-	-	-
Convertible debt	5,572,345	8,475,230	391,896	$ 8,083,333	-	-
Total	$ 7,723,519	$ 10,626,404	$ 2,543,070	$ 8,083,333	-	-

RELATED PARTY TRANSACTIONS

The following is a summary of the Company's related party transactions for the period ended November 30, 2018:

Related Party Balances

As at November 30, 2018, $803 (2017: $157,708) was due to the Company's Chief Executive Officer ("CEO") for advances made to the Company.

As at November 30, 2018, the Company has amounts receivable, including interest receivable, from a company controlled by Kam Thindal, a former director of the Company totalling $Nil (2017: $5,861).

As at November 30, 2018, the Company has a subscription receivable balance of $Nil due from Mike Blady, a director of the Company (2017: $25,000).

As at November 30, 2018, the Company has a prepaid of $Nil for services to be provided by a company controlled by Jeremy Wright, the CFO (2017: $18,000).

As at November 30, 2018, the Company has a payable balance of $5,000 (2017: $157,708) due to a former director of the reverse take over acquisition company.

RELATED PARTY TRANSACTIONS (CONTINUED)

Related party transactions

As described in the Company's financial statements for the year ended November 30, 2017, the Company entered into share purchase agreements to purchase 100% interest in Grey Bruce, 1118 BC, ZenLabs and GBP. Each one of these entities was under common control of the Company's CEO, Norton Singhavon.

During the year ended November 30, 2017, the Company advanced loans totalling $334,153 to a company controlled by a Director of the Company, Kam Thindal, pursuant to a letter of intent. The letter of intent was terminated during the period ended November 30, 2017 and the loans advanced were repaid in full. The Company recorded interest income on the loan of $5,861 during the period ended November 30, 2017.

Compensation of director and key management personnel of the Company

The Company considers its Directors, Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), and Chief Operating Officer ("COO") to be key management. For the year ended November 30, 2018, the Company:

1) Paid or accrued management fees of $1 (2017: NIL) to Norton Singhavon, the CEO of the Company.
2) Paid or accrued management fees of $66,000 (2017: $3,000) to a Company controlled by Jeremy Wright, the CFO of the Company.
3) Paid $128,713 in salary (2017: NIL) to David Lynn, the COO of the Company.

The Company incurred the following key management compensation charges during the year ended November 30, 2018:

	November 30, 2018	November 30, 2017
Salaries, Management and Consulting fees	$ 194,714	$ 3,000
Share-based payments	1,627,200	-
	$ 1,821,914	$ 3,000

There are no other related party transactions other than what was been disclosed

OUTSTANDING SHARE DATA

As of the date of this MD&A, the Company has 117,384,250 common shares issued and outstanding; 38,542,604 share purchase warrants and 8,385,897 share options convertible into common shares.

See note 17 and note 22 in the Financial Statements for further details.

RISK FACTORS

This section discusses factors relating to the business of the 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.

Liquidity and Additional Financing

The Company has limited financial resources and revenues. There can be no assurance that additional funding will be available to it for further development of its assets or to fulfill its obligations under applicable agreements. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could cause the Company to reduce or terminate its operations.

Reliance on Licenses

The Company's ability to grow, store cannabis in Canada is dependent on maintaining its license with Health Canada. All licenses are, or will be, subject to ongoing compliance and reporting requirements. Failure to comply with the requirements of the licenses, to maintain its licenses, and to renew the licenses after their expiry dates would have a material adverse impact on the business, financial condition and operating results of the Company.

Although the Company believes that it will meet the requirements of the CA&R for future extensions or renewals of any required licenses, there can be no assurance that Health Canada will extend or renew the licenses or, if extended or renewed, that it will be extended or renewed on the same or similar terms. Should Health Canada not extend or renew existing licenses should it renew existing license on different terms, or should it refuse applications for new licenses, the business, financial condition and operating results of the Company would be materially adversely affected.

Regulatory Risks

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

Change in Laws, Regulations and Guidelines

The Company's business is subject to particular laws, regulations, and guidelines. The production and distribution of cannabis is a highly regulated field, and although the Company intends to comply with all laws and regulations, any changes to such laws, regulations, guidelines and policies due to matters beyond the control of the Company may cause adverse effects to its operations.

Limited Operating History, History of Losses, and No Assurance of Profitability

The Company was incorporated and began operations in June 2017 and as of the date of this MD&A had not generated material revenue from the sale of its products or services. The Company is subject to all of the business risks and uncertainties associated with any early-staged enterprise, including under-capitalization, cash shortages, limitation with respect to personnel, financial and other resources, and lack of revenues.

The Company has incurred operating losses in recent periods. The Company may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, the Company expects to continue to increase operating expenses as it implements initiatives to continue to grow its business. If the Company's revenues do not increase to offset these expected increases in costs and operating expenses, the Company will not be profitable. There is no assurance that the Company will be successful in achieving a return on shareholders' investments and the likelihood of success must be considered in light of the early stage of operations.

RISK FACTORS (CONTINUED)

Unfavourable Publicity or Consumer Perception

The success of the cannabis industry may be significantly influenced by the public's perception of cannabis's medicinal and recreational applications. Cannabis is a controversial topic, and there is no guarantee that future scientific research, publicity, regulations, medical opinion and public opinion relating to cannabis will be favourable. The cannabis industry is an early-stage business that is constantly evolving with no guarantee of viability. The market for cannabis is uncertain, and any adverse or negative publicity, scientific research, limiting regulations, medical opinion and public opinion relating to the consumption of cannabis may have a material adverse effect on our operational results, consumer base and financial results.

Competition

The market for the Company's product does appear to be sizeable and Health Canada has only issued a limited number of licenses under the CA&R to produce and sell cannabis. Because of the early stage of the industry in which the Company operates, the Company expects to face additional competition from new entrants. A large number of companies appear to be applying for production licenses, some of which may have significantly greater financial, technical, marketing and other resources, may be able to devote greater resources to the development, promotion, sale and support of their products and services, and may have more extensive customer bases and broader customer relationships.

Should the size of the cannabis market increase as projected, the demand for product will increase as well, and in order for the Company to be competitive, it will need to invest significantly in research and development, marketing, production expansion, new client identification, and client support. If the Company is not successful in achieving sufficient resources to invest in these areas, the Company's ability to compete in the market may be adversely affected, which could materially and adversely affect the Company's business, its financial condition and operations.

The Canadian Federal Government legalized recreational cannabis in Canada on October 17, 2018 . This regulatory change and access for recreational use may not be implemented in a timely fashion. The introduction of a recreational model for cannabis production and distribution may impact the medical cannabis market. The impact of this potential development may be negative for the Company and could result in increased levels of competition in the existing medical market and/or the entry of new competitors in the overall cannabis market in which the Company operates. There is potential that the Company will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and manufacturing and marketing experience than the Company. Increased competition by larger and better-financed competitors could materially and adversely affect the business, financial condition and results of operations of the Company.

Uninsured or Uninsurable Risk

The Company may become subject to liability for risks against which it cannot insure or against which the Company may elect not to insure due to the high cost of insurance premiums or other factors. The payment of any such liabilities would reduce the funds available for the Company's usual business activities. Payment of liabilities for which the Company does not carry insurance may have a material adverse effect on the Company's financial position and operations.

Key Personnel

The Company's success will depend on its directors' and officers' ability to develop and execute on the Company's business strategies and manage its ongoing operations, and on the Company's ability to attract and retain key quality assurance, scientific, sales, public relations and marketing staff or consultants. The loss of any key personnel or the inability to find and retain new key persons could have a material adverse effect on the Company's business. Competition for qualified technical, sales and marketing staff, as well as officers and directors can be intense and no assurance can be provided that the Company will be able to attract or retain key personnel in the future, which may adversely impact the Company's operations.

RISK FACTORS (CONTINUED)

Conflicts of Interest

Certain of the Company's directors and officers are also directors and operators in other companies. Situations may arise in connection with potential acquisitions or opportunities where the other interests of these directors and officers conflict with or diverge from the Company interests. Directors who have a material interest in any person who is a party to a material contract or a proposed material contract are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract.

In addition, the directors and the officers are required to act honestly and in good faith with a view to the Company's best interests. However, in conflict of interest situations, the Company's directors and officers may owe the same duty to another company and will need to balance their competing interests with their duties to the Company.

Circumstances (including with respect to future corporate opportunities) may arise that may be resolved in a manner that is unfavourable to the Company.

Litigation

The Company may become party to litigation, mediation and/or arbitration from time to time in the ordinary course of business, which could adversely affect its business. Monitoring and defending against legal actions, whether or not meritorious, can be time-consuming, divert management's attention and resources and cause the Company to incur significant expenses. In addition, legal fees and costs incurred in connection with such activities may be significant and we could, in the future, be subject to judgments or enter into settlements of claims for significant monetary damages.

While the Company has insurance that may cover the costs and awards of certain types of litigation, the amount of insurance may not be sufficient to cover any costs or awards. Substantial litigation costs or an adverse result in any litigation may adversely impact the Company's business, operating results or financial condition.

Agricultural Operations

Since the Company's business will revolve mainly around the growth of agricultural products, the risks inherent with agricultural businesses will apply. Such risks may include disease and insect pests, among others. Although the Company expects to grow its product in climate controlled, monitored, indoor locations, there is no guarantee that changes in outside weather and climate will not adversely affect production.

Transportation Disruptions

The Company will depend on fast, cost-effective and efficient transportation services to distribute its product. Any prolonged disruption of these services could have an adverse effect on the financial condition and results of operations of the Company. Rising costs associated with transportation services used by the Company to ship its products may also adversely impact the business of the Company and its ability to operate profitably.

Fluctuating Prices of Raw Materials

The Company revenues, if any, are expected to be in large part derived from the production, sale and distribution of agricultural products or products related to the growth of such agricultural products. The price of production, sale and distribution of these products will fluctuate widely and is affected by numerous factors beyond the Company's control including international, economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, speculative activities and increased production due to new production and distribution developments and improved production and distribution methods. The effect of these factors on the price of product produced by the Company and, therefore, the economic viability of any of the Company's business, cannot accurately be predicted.

RISK FACTORS (CONTINUED)

Environmental and Employee Health and Safety Regulations

The Company's operations are subject to environmental and safety laws and regulations concerning, among other things, emissions and discharges to water and air, the handling and disposal of hazardous and nonhazardous materials and wastes, and employee health and safety. The Company will incur ongoing costs and obligations related to compliance with environmental and employee health and safety matters. Failure to obtain required environmental approvals or otherwise comply with environmental and safety laws and regulations may result in additional costs for corrective measures, penalties or in restrictions on our manufacturing operations. In addition, changes in environmental, employee health and safety or other laws, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations 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.

Political and Economic Instability

The Company may be affected by possible political or economic instability. The risks include, but are not limited to, terrorism, military repression, extreme fluctuations in currency exchange rates and high rates of inflation. Changes in medicine and agriculture development or investment policies or shifts in political attitude in certain countries may adversely affect the Company's business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, distribution, price controls, export controls, income taxes, expropriation of property, maintenance of assets, environmental legislation, land use, land claims of local people and water use. The effect of these factors cannot be accurately predicted.

SUBSEQUENT EVENTS

Please refer to note 22 of the audited consolidated financial statements for the year ended November 30, 2018.

CAUTION REGARDING FORWARD LOOKING STATEMENTS

Certain information regarding the Company within the MD&A may include "forward-looking statements" within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical facts, included in this MD&A that address activities, events or developments that the Company expects or anticipates will or may occur in the future, including such thing as future business strategy, goals, expansion and growth of the Company's business, plans and other such matters are forward-looking statements. When used in this MD&A the words "estimate", "plan", "anticipate", "expect", "intend", "believe" and similar expressions are intended to identify forward-looking statements. Such statements by their nature involve certain risks and uncertainties that could cause actual results to differ materially from those contemplated by such statements. The Company considers the assumptions on which these forward-looking statements are based to be reasonable at the time they were prepared, but cautions the reader that these assumptions regarding future events, many of which are beyond the control of management, may ultimately prove to be incorrect. The reader should not rely solely on these forward-looking statements.

We undertake no obligation to reissue or update any forward looking statements or information except as required by law.

This MD&A contains forward-looking statements concerning future operations of GTEC Holdings Ltd. (the "Company"). All forward-looking statements concerning the Company's future plans and operations, including management's assessment of the Company's expectations or beliefs may be subject to certain assumptions, risks and uncertainties beyond the Company's control. Investors are cautioned that any such statements are not guarantees of future performance and that actual performance and financial results may differ materially from any estimates or projections.

Forward-looking information reflects the Company's current beliefs and is based on information currently available to the Company and on assumptions it believes to be not unreasonable in light of all of the circumstances. In some instances, material factors or assumptions are discussed in this MD&A in connection with statements containing forward-looking information. Such material factors and assumptions include, but are not limited to: the Company's ability to execute its business plan; the Company's ability to compete with other companies that are developing or selling products and services that are competitive with the Company's services; the Company's ability to attract and retain key personnel; the Company's ability to access the capital markets. Forward-looking information contained herein is made as of the date of this MD&A and, other than as required by law, the Company disclaims any obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking information 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 information.