WORLD CLASS EXTRACTIONS INC.

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

For the Three Months Ended March 31, 2019

(Expressed in Canadian Dollars unless otherwise indicated)

1 INTRODUCTION

The following Management's Discussion and Analysis ("MD&A") is a review of the financial condition and results of operations by the management ("Management") of World Class Extractions Inc. ("WCE" or the "Company") for the three months ended March 31, 2019 (the "Reporting Period"). This MD&A is prepared as at May 30, 2019, unless otherwise indicated, and should be read in conjunction with the condensed consolidated interim financial statements for the three months ended March 31, 2019 and 2018 ("Interim Financial Statements") and the annual consolidated audited financial statements for the year ended December 31, 2018 ("Annual Financial Statements") and the notes related thereto which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All monies are expressed in Canadian dollars unless otherwise indicated. Additional information relevant to the activities of the Company has been filed electronically through the System for Electronic Document Analysis and Retrieval ("SEDAR") – http://www.sedar.com and are also available on the Company's website http://www.wcextractions.com.

2 CAUTIONARY NOTE

This MD&A and the documents incorporated into this MD&A contain "forward-looking statements" and "forward-looking information" within the meaning of applicable securities laws (forward-looking information and forward-looking statements being collectively hereinafter referred to as "**forward-looking statements**"). Such forward-looking statements are based on expectations, estimates and projections as at the date of this AIF or the dates of the documents incorporated herein, as applicable. Any statements that involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often but not always using phrases such as "expects" or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "budget", "scheduled", "forecasts", "estimates", "believes" or "intends", or variations of such words and phrases, or stating that certain actions, events or results "may" or "could", "would", "should", "might" or "will" be taken, occur or be achieved) are not statements of historical fact and may be forward-looking statements and are intended to identify forward-looking statements. These forward-looking statements include, but are not limited to, statements and information concerning: the intentions, plans and future actions of the Company; statements relating to the business and future activities of the Company after the date of this AIF; market position, ability to compete and future financial or operating performance of the Company after the date of this AIF; statements based on the audited and unaudited financial statements of the Company; anticipated developments in operations; the future demand for the Company's products; the results of development of products and the timing thereof; the timing and amount of estimated capital expenditure in respect of the business of the Company; operating expenditures; success of marketing activities; estimated budgets; currency fluctuations; requirements for additional capital; government regulation; limitations on insurance coverage; the timing and possible outcome of regulatory and permitting matters; goals; strategies; future growth; planned business activities and planned future acquisitions; the adequacy of financial resources; and other events or conditions that may occur in the future.

Forward-looking statements are based on the beliefs of the Company's management, as well as on assumptions, which such management believes to be reasonable based on information currently available at the time such statements were made. However, by their nature, forward-looking statements are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements are subject to a variety of risks, uncertainties and other factors which could cause actual events or results to differ from those expressed or implied by the forward-looking statements, including, without limitation those risks outlined in 3.14 Risks and Uncertainties.

3 DISCUSSION AND ANALYSIS

This report is dated May 30, 2019.

BACKGROUND

The Company

World Class Extractions Inc. (previously CBD Med Research Corp.) (the "Company" or "Issuer") was incorporated under the laws of British Columbia on December 2, 1965, under the name "Luaaron Metals Ltd." Subsequent to this, there were several name changes and on July 17, 2014 the Company made a final name change to CBD Med Research Corp. ("**CBD"**). The head and registered office of the Company is located at 1200 – 750 West Pender Street, Vancouver, BC V6C 2T8. The corporate office is located at 1 Adelaide St. East, Ste. 801, Toronto, ON M5C 2V9.

On February 13, 2019, the Issuer, World Class Extractions Inc (Ontario) ("World Class"), and CBD Acquisition Corp (Ontario) ("CBD ONT") entered into a Business Combination Agreement (the **"Agreement"**), pursuant to which the parties completed a business combination by way of a three-cornered amalgamation (the "**Amalgamation**") under the Ontario Business Corporations Act. Under the terms of the Agreement, (i) World Class ONT amalgamated with CBD ONT to become a wholly owned operating subsidiary of the Issuer and carry on the existing business of World Class ONT. The Issuer then filed a notice of alteration to change its name to "World Class Extractions Inc." (the "**Resulting Issuer**" or **"WCE").**

Directors, Officers and Management

Michael McCombie – President, CEO and Director
Donal Carroll – CFO and Director
Binyomin Posen – Independent Director
Dr. K. Sethu Raman – Independent Director
Gary F. Zak – Director
Shimmy Posen – Corporate Secretary and Director

Corporate Office

The head and registered office of the Company is located at 1200 – 750 West Pender Street, Vancouver, BC V6C 2T8. The corporate office is located at 1 Adelaide St. East, Ste. 801, Toronto, ON M5C 2V9.

Tel: 1 (855) 207-4491
Email: info@wcextractions.com; Website: http://www.wcextractions.com

Exchange Listings

The Company's common shares are traded on the Canadian Securities Exchange ("CSE") under the symbol "PUMP". Commencing April 17, 2019, the Company's shares began trading on the Frankfurt Exchange, symbol "WCF" and "WKN: A2PF9C".

The Past

CBD Med Research Corp **("CBD")** was a Vancouver-based in the development stage related to exploration and development of petroleum, natural gas and mineral properties and had not generated any revenues from its planned operations. Eventually the direction of CBD changed to the research and development of technologies related to broadcasting digital video content over the internet using Internet Protocol. In 2014, CBD changes its name, commenced trading on the Toronto Stock Exchange – Venture **("TSXV")** and in 2015 entered into a definitive agreement with a California-based company. In 2017 CBD terminated the agreement and began to look for new business opportunities.

The Present

On February 13, 2019, CBD, (or the "Issuer"), World Class Extractions Inc (Ontario) ("World Class ONT"), and CBD Acquisition Corp (Ontario) **("CBD ONT")** entered into a Business Combination Agreement (the **"Agreement"**), pursuant to which the parties completed a business combination by way of a three-cornered amalgamation (the "**Amalgamation**") under the Ontario Business Corporations Act. Under the terms of the Agreement, World Class ONT amalgamated with CBD ONT to become a wholly-owned operating subsidiary of the Issuer and carry on the existing business of World Class ONT. The Issuer then filed a notice of alteration to change its name to "World Class Extractions Inc." (the "**Resulting Issuer**").

As a result of obtaining 100% of the shares of CBD, WCE has accounted for this transaction by the purchase method of accounting known as a **"reverse takeover**" or **"RTO**" as the issuance of shares to the former shareholders World Class resulted in their holding a majority of the issued and outstanding shares of WCE. See section 6 – Amalgamation/RTO.

Share Structure

Immediately prior to the Amalgamation, the Issuer and World Class completed the following:

a) the Issuer completed a stock split (the "**CBD Stock Split**") on the basis of one (1) CBD Share prior to the CBD Stock Split to three (3) CBD Shares following the CBD Stock Split, resulting in there being an aggregate of 29,014,575 CBD Shares issued and outstanding;

b) World Class effected a stock split (the "**WCE Stock Split**", and together with the CBD Stock Split, the "**Stock Splits**") on the basis of one (1) WCE Share prior to the WCE Stock Split to one and one half (1.5) WCE Shares following the WCE Stock Split, resulting in there being an aggregate of 230,242,500 WCE Shares issued and outstanding; and

c) World Class issued, following the WCE Stock Split, an aggregate of 15,000,000 WCE Shares to certain finders as consideration for assisting in arranging the Business Combination.

In addition, each holder of a stock option or warrant of World Class received an equal number of replacement stock options, warrants and broker warrants of the Issuer, as applicable.

Nature of Operations and Company Focus

The Company is developing a unique extraction process to produce quality, potent cannabis extracts. Subject to the successful development of this extraction process and receiving the relevant licenses from Health Canada, the business of the Company is to commercialize its extraction technology, which uses ultrasound to effectively produce extracts from cannabis and hemp and isolate essential compounds found in plant material (the **"WCE Technology").**

4 HIGHLIHTS

Finance/Corporate:

- Completed a reverse takeover transaction, changed its name and listed its common shares on the Canadian Securities Exchange **("CSE")** under symbol PUMP;
- Completed the third and final tranche of a $23,000,000 Subscriptions Receipt financing **("2018 Subscription Receipts Offering" or "SRO")** that leaves the Company well financed for the conduct of business;
- Formed new Board of Directors (the **"Board"**);
- The Board thanks Barry Hemsworth and Kenneth Philippe for their many years of past service to the merging companies;
- Engaged Michael McCombie and Donal Carroll as senior officers to lead the management team ("Management";
- Entered into a binding merger letter of intent **("LOI")** with Quadron Cannatech Corporation **("Quadron");** See section 20 – Subsequent Events.
- Entered into a hemp supply agreement **–** See section 20 – Commitments and Contingencies;
- Announced it had entered into a revenue collaboration agreement with Parity Partners PBC **("Parity");** See section 19 – Commitments and Contingencies**;** and
- See section 20 – Subsequent Events for further corporate highlights, subsequent to period end.

Technical:

- Progress continues on the manufacturing of new extraction equipment; delivery is scheduled for June 2019;
- Management believes the synergy with Quadron is optimal – the Company is well-financed and its unique-patent pending technology should provide higher yields of full spectrum cannabis oil at faster rates and larger volumes than current extraction techniques while Quadron's extraction and processing systems are automated and have been simplified relative to comparable technologies.

5 OVERALL PERFORMANCE – Financial position, results of operations and cash flows

Financial Position

On March 31, 2019 the Company had cash of $20,553,291 (December 31, 2018 - $360,601) to settle liabilities of $203,304 (December 31, 2018 - $294,107. Upon closing the SRO, the previously held $22,435,740, plus accrued interest became available cash with no restrictions.

On March 20, 2019, the Company announced that it had entered into a binding letter of intent **("LOI"**) with Quadron Cannatech Corporation, **("Quadron"),** to proceed with a business combination by way of a statutory plan of arrangement (the **"Arrangement**"), pursuant to which WCE has agreed to acquire, either directly or indirectly or through a wholly-owned subsidiary, all of the issued and outstanding common shares of Quadron. Final terms of the Arrangement will be set out in an agreement to be entered into by the parties. (the **"Arrangement Agreement**"). See section 21 – Subsequent Events.

Concurrent with entering into the Arrangement, the Company agreed to lend $500,000 to Quadron, pursuant to an assignable, unsecured step promissory note (the **"Note").** The Note bears interest at 4.5% per annum, to be capitalized into the principal of the Note. The principal and any accumulated interest is due September 26, 2019 (the **"Indebtedness"**). If the Arrangement is not completed, the Indebtedness owing shall become due and payable, forthwith. The proceeds of the loan were advanced for the purpose of general working capital.

The carrying amount of HST recoverable is considered collectible and therefore representative of its respective value.

Included in prepaid expenses and deposits are: $5,255 office space security deposit, $3,029 prepaid expense acquired in the RTO, $77,335 of legal retainers and $756,767 of deposits paid for extraction equipment that has been ordered but not delivered, as at period end. Delivery of the extraction equipment is expected in June 2019.

Upon delivery of the equipment, Management will estimate the useful life of the asset(s) and commence depreciating it as required. (See note 7 – Equipment in the Annual Financial Statements).

Upon incorporation, World Class issued 13,000,000 common shares to secure the intellectual property **("IP")** rights for a proprietary technology ("**WCE Technology**"). (See Note 8 – Intangible Assets in the Financial Statements). The Company regularly assesses the IP for viability and [possible] impairment, and is amortizing the IP's assigned value, on a five-year straight-line basis.

Accounts payable and accrued liabilities are short-term in nature and there is no long-term indebtedness.

During the three months ended March 31, 2019, there were share issuances including a finders' fee related to the closing of the RTO and the closing of the third tranche of the 2018 SRO. (See note 9 – Share Capital in the Annual Financial Statements). Certain stock options were issued by the Company to directors, officers and consultants pursuant to the Company's stock option plan **("SOP")**, and certain common share purchase warrants were issued as compensation for services. (See note 10 – Share-Based Compensation and note 11 - Warrants in the Annual Financial Statements).

For the year ended December 31, 2018:

- CBD had cash of $476,140 and a short term Guaranteed Investment Certificate of $277,100. Accounts payable and accrued liabilities of $61,927 were short term and principally owed to related parties.
- World Class had available and restricted cash totaling $22,796,341. Accounts payable and accrued liabilities of $294,107 were also short-term but principally owed to suppliers on normal commercial terms.
- Share capital increased during the period with the closing of two equity financings and the issuance of shares related to the closing and settlement of the RTO.

Results of Operations

In fiscal 2018, World Class was a start-up and CBD was an established but inactive entity that did not qualify as a business. The spending during this period was primarily for costs to keep CBD compliant as a public company and for the start-up costs of World Class.

The figures presented in the Interim Financial Statements are the results of the operations for World Class and the accounting adjustments for the Amalgamation and RTO with CBD:

Amalgamation/RTO

On February 13, 2019, the Issuer, World Class Extractions Inc. **("World" or "WCE"**), completed its RTO of World Class Extractions Inc (Ontario), **("World Class")** pursuant to which World Class acquired all of the issued and outstanding shares of CBD for the issuance of 29,014,575 shares of the Issuer. CBD did not have any significant operations at the time of the RTO. Following the closing of the Transaction, the Company changed its name to World Class Extractions Inc. and reconstituted its Board and senior management ("Management"), at that time.

Immediately prior to the Amalgamation, the Issuer and World Class completed the following:

a) the Issuer completed a stock split (the "**CBD Stock Split**") on the basis of one (1) CBD Share prior to the CBD Stock Split to three (3) CBD Shares following the CBD Stock Split, resulting in there being an aggregate of 29,014,575 CBD shares issued and outstanding;

b) World Class effected a stock split (the "**WCE Stock Split**", and together with the CBD Stock Split, the "**Stock Splits**") on the basis of one (1) WCE Share prior to the WCE Stock Split to one and one half (1.5) WCE Shares following the WCE Stock Split, resulting in there being an aggregate of 230,242,500 WCE Shares issued and outstanding; and

c) World Class issued, following the WCE Stock Split, an aggregate of 15,000,000 WCE shares to certain finders as consideration for assisting in arranging the Business Combination. The finders shares were also assigned a fair value of $0.13 per share being the purchase price of the shares offered by a subscriptions receipts private placement **("Subscription Receipts Purchase Price").**

In addition, each holder of a stock option or warrant of World Class received an equal number of replacement stock options, warrants and broker warrants of the Issuer, as applicable.

Following the Amalgamation, there are an aggregate of 451,180,147 Resulting Issuer Shares issued and outstanding. Of these issued and outstanding Resulting Issuer Shares, former shareholders of World Class hold 245,242,450 Resulting Issuer Shares, representing approximately 54.36% of the Resulting Issuer Shares; former Subscription Receipt holders hold 176,923,072 Resulting Issuer Shares, representing approximately 39.21% of the outstanding Resulting Issuer Shares; and the original shareholders of the Issuer hold 29,014,575 Resulting Issuer Shares, representing approximately 6.43% of the outstanding Resulting Issuer Shares.

Fair Value Assigned to the Consideration Paid

As a consequence of the Amalgamation (note 1- Nature of Operations in the Annual Financial Statements), the shareholders of World Class acquired control over the combined entity. CBD was an inactive shell company and did not meet the definition of a business. Therefore, the Transaction was outside of the scope of IFRS 3 "Business Combinations" and was accounted for using the reverse takeover method of acquisition accounting under IFRS 2 "Share-based payments".

The consideration paid by World Class to acquire CBD was measured on the basis of the fair value of the equity instruments issued considering the price per share of the subscription receipt offering closing concurrently with the Transaction. In accordance with IFRS 2, any excess of the fair value of the shares issued by WCE over the value of the net assets of CBD is recognized in the condensed consolidated interim financial statements of comprehensive loss as "non-cash loss upon the completion of the RTO".

The fair value of the consideration is as follows:

Purchase price	
29,014,575 shares of World Class Extractions Inc.	**$3,771,895** (1)
Allocation of Purchase Price	
Cash	$740,878
Sales tax receivable	1,523
Prepaid expenses and deposits	3,029
Equipment (net)	2,153
Accounts payable	(62,321)
Non-cash loss on completion of RTO	3,086,633
	$3,771,895

(1) WCE shares valued at the Subscriptions Receipt Purchase Price.

As a result of obtaining 100% of the shares of World Class, the Company has accounted for this transaction by the purchase method of accounting known as a "reverse takeover" as the issuance of shares to the former shareholders of World Class resulted in the former shareholders of World Class holding a majority of the issued and outstanding shares of WCE. Under this method of accounting, World Class (the legal subsidiary) is deemed to the be acquirer and CBD (the legal parent) is deemed to be the acquired company.

Shares held by new principals of the Company will be subject to such escrow requirements and lock-up agreements, as may be imposed by securities regulatory authorities. (See note 9 – Share Capital in the Annual Financial Statements).

Operating Expenses

During the three months ended March 31, 2019 and 2018, cash and accrued expenses increased significantly as WCE transitioned from being a shell with no active business to an amalgamated combined entity with significant asset of the rights to a unique, proprietary extraction technology.

The net operational expenditures recorded for the quarter ended March 31, 2019 was $3,886,640 (2018 - $516,404), of which the primary components included:

- A total of $1,950,000 was recorded as listing fees for the value assigned to the 13,000,000 common shares issued for the acquisition of and consideration for the IP for the WCE technology;
- Amortization of $650,000 was Management's estimate of the depreciation for the WCE technology and $5,568 was recorded for the depreciation on the Company's computer software and hardware, demonstration extraction equipment and office furniture; in the comparable period in 2018, a total of 462,914 was expensed for the amortization recorded for the IP, in Q1;
- A total of $495,952 was the fair value of the stock options granted during the Reporting Period – (See note 10 - Share-based Compensation in the Annual Financial Statements); $793,568 was recorded in Q1 2018 with $167,684 being reclassified to warrant reserve in 2019;
- An aggregate of $459,771 was incurred to build awareness of the WCE technology and to drive orders when the equipment is operational;
- A total of $232,584 was expended for services provided by independent contractors and the Management team.

As the Company has no source of revenue currently, this spending trend will continue in the short-term.

Cash Flows

For the three months ended March 31, 2019, the Company's net position increased by $20,192,690 primarily due to the freeing up of $22,435,740 of restricted cash from the prior year's SRO. The third and final tranche of the SRO closed on February 20, 2019 and $578,339 was added to treasury with the issuance of 4,448,757 additional subscription receipts issued pursuant to the over-allotment provisions of the SRO. $740,878 cash was acquired with the closing of the RTO.

The one material outflow relates to the $500,000 advanced to Quadron pursuant to the Note. Interest will be accrued quarterly and further advances under the Note are anticipated. Additional equipment was purchased during the quarter but as it has not been delivered nor titled passed to the Company, the $111,109 cost, paid as a deposit, has been recorded under prepaid equipment.

Cash Flow Activities	**Three months ended March 31, 2019**	Three months ended March 31, 2018
Operating	**61,057**	(8,608)
Financing	**19,890,755**	--
Investing	**(240,878)**	(8,608)
Increase (decrease) in cash during the period	**20,192,690**	(8,608)

6 SELECTED PERIOD FINANCIAL RESULTS

FINANCIAL POSITION	Three months ended March 31, 2019	Year ended December 31, 2018
Cash and restricted cash	**$20,553,291**	$22,796,341
Other assets	**11,546,361**	11,545,436
Total assets	**32,099,652**	34,341,177
Total liabilities	**203,304**	294,107
Shareholders' equity	**31,896,348**	34,047,070
Deficit	**$(11,029,935)**	$(4,138,521)

STATEMENTS OF LOSS	Three months ended March 31, 2019	Three months ended March 31, 2018
Listing fees	**$1,980,351**	$-
Amortization	**655,864**	462,914
Compensation - Share-based expense and management fees	**567,952**	$-
Other corporate expenses	**682,473**	43,404
Total expenses before other items	**$3,886,640**	$506,318
Other (income) expenses:		
Non-cash loss on completion of the RTO	**$3,086,633**	$-
Interest income and foreign exchange gain	**(81,857)**	$-
Loss for the period	**$6,891,415**	$506,318

7 OPERATIONS REVIEW

During the three months ended March 31, 2019:

Management focused on:

- ✓ Completing the RTO;
- ✓ Seeking out and securing strategic partnerships, by entering into agreements for: adequate hemp supply, for space to build a commercial scale pilot plant, and strategic alliances with established and licensed providers to facilitate operations in Canada and the United States ("US Extraction Services");
- ✓ Identifying and structuring a proposed amalgamation with an established operating company, to capitalize on the strengths of both entities; and
- ✓ Increasing marketing efforts to build awareness of the Company's unique IP and its potential.

Key Performance Indicators

Key performance indicators that the Company uses to manage its business and evaluate its financial results and operating performance include new customers, net investment in equipment, revenues, average yields, operating expenses and net income. The Company evaluates its performance on these metrics by comparing its actual results and normalized results to management budgets, forecasts and prior period performance.

General Description of the Business

The Company is developing a unique extraction process to produce quality, potent cannabis extracts. Subject to the successful development of this extraction process and receiving the relevant licenses from Health Canada, the business of the Company is to commercialize its extraction technology, which uses ultrasound to effectively produce extracts from cannabis and hemp and isolate essential compounds found in plant material (the "**WCE Technology**"). The Company intends to apply for a Health Canada standard processing license ("**Standard Processing License**") during 2019 under the guidance of external consultants. The Standard Processing License is required to allow the Company to utilize the WCE Technology to extract cannabidiol oils from cannabis.

The WCE Technology has a number of advantages over conventional extraction methods, including the ability to: (i) produce higher concentrated compounds; (ii) process full spectrum brand oil at larger volumes, since extraction occurs on a continuous basis, rather than in batches; (iii) utilize undried cannabis or hemp in the process; and (iv) reduce production time. In addition, tests that the Company has performed indicate that the WCE Technology may be able utilize all parts of cannabis or hemp plants. The Company believes that the advantages of the WCE Technology will allow it to capitalize on the significant opportunities in the medical and recreational cannabis and hemp markets. The Company intends to utilize the WCE Technology to provide extraction services to producers of cannabis licensed under the *Cannabis Act* (Canada) and related regulations, and to hemp farmers. The WCE Technology allows the Company's prospective customers to eliminate designated drying areas in their production facilities and expand their active canopy for growing more cannabis or hemp. The Company's mobile extraction services would also enable its customers to eliminate capital expenditures for in-house extraction equipment and reduce processing fees. Traditional extraction methods require cannabis or hemp to be dried and cured, which may take up to 70 days, and consequently extend the production time for producing extracts. The WCE Technology would essentially eliminate this waiting period. Further, the WCE Technology minimizes by-product plant biomass produced, instead utilizing all parts of the cannabis or hemp plant (including roots) in the extraction process.

As of the date of this AIF, the Company has built a pilot extraction unit which utilizes the WCE Technology. The Company has performed extensive testing of the WCE Technology using the pilot extraction unit, which it has conducted on certain botanicals, but not hemp or cannabis. These tests indicate that the WCE Technology has all of the advantages outlined above as compared to conventional extraction methods. In addition, the Company has (i) currently contracted for the production of two commercial units, which are currently being built in India, and the Company expects that those commercial units will be delivered and be operational in Canada by Q2 2019; and (ii) is in the process of building a stationary commercial unit which currently resides at the WCE Facility, which it expects to be finalized by Q4 2019.

Production and Services

Preliminary testing conducted on certain botanicals, but not hemp or cannabis, using a Company pilot extraction unit suggests that the WCE Technology shall be capable of producing cannabinoid extracts directly from any species of freshly harvested cannabis and/or hemp, by processing the entire plant including any roots, stems, leaves, buds and seeds. It is expected that the WCE Technology may be used on by-products of cannabis plants used for production of dried cannabis flower which would otherwise have no commercial use.

Testing conducted to date suggests that the WCE Technology could process a mixture of solvent and shredded or ground freshly harvested plant material. The solution would be subjected to ultrasound waves using a sonication instrument. Ultrasound waves are known to break down cellular structures in plant materials and are expected to free cannabinoid oils into a solution, which would then be filtered and further processed to remove any undesirable components, leaving only high-grade cannabinoid oils.

Specialized Skill and Knowledge

WCE Technology

The Company has previously filed, and will continue to file, patent applications directed to its proprietary systems and methods for producing cannabis extracts. Such systems and methods are believed to be novel and non-obvious, based on the ability of the WCE Technology to produce extracts that have substantially greater concentrations of target cannabinoids and possess minimal contaminants. The WCE Technology can also be applied to freshly harvested cannabis plants, and thereby eliminate prolonged drying times, and can be used to derive extracts from the entire cannabis plant, such as the roots, stems and other plant structures that are typically discarded despite being rich in target cannabinoids.

Additional advantages of the WCE Technology include:

- the ability to process very large volumes of cannabis and hemp plant material;
- the ability to be transported to, and deployed at, remote locations, subject to any regulatory restrictions, including health and safety and transport, and other limitations, such as those posed by infrastructure; and
- the ability to process cannabis in a manner that minimizes the volume of biomass by-products, without making use of any toxic solvents.

The Company intends to pursue patents for its technology in every major industrialized country of economic significance. In the event that the Company succeeds in its efforts to patent its technology, the Company will likely have, subject to customary risks associated with intellectual properties, including those discussed elsewhere in this AIF, the ability to prevent competitors from making, using, selling and/or offering for sale the systems and methods as claimed by the Company's patent applications. Such intellectual property assets, if obtained, are anticipated to play an important role to the Company's success and provide the Company with a significant competitive advantage in the marketplace.

The Company does not currently have its own Standard Processing License, required by Health Canada to extract cannabidiol oils from cannabis. The Company intends to apply for a Standard Processing License during 2019. In the interim, the Company will operate under a Standard Processing License which FSD has obtained from Health Canada. The Company intends to rely on a cannabis sale license ("**Cannabis Sale License**") FSD holds and will modify to allow for the sale of the cannabidiol oils produced using the WCE Technology to third parties. The Cannabis Sale License, the License Agreement, and the Company's relationship with FV Pharma and FSD are essential to the Company's success.

Technical Specialists

The Company employs a full-time system process engineer and a scientist to maintain its equipment and technology. Furthermore, the Company has retained the services of a US-based intellectual property attorney to defend its ownership of the WCE Technology.

Competitive Conditions

The Company believes that changes to Canadian legislation in the *Cannabis Act* (Canada) provide attractive 'early mover opportunities' in areas other than simple cultivation and sale of cannabis. These emerging opportunities include the production of value-added products such as extracts manufactured using cannabinoid oils for use in a growing varieties of consumer cannabis products. Extracts will soon be widely marketed at the sub wholesale, wholesale and retail levels for use alone or in several new products which will include everything from infused edibles, vaporizer compounds and beverages, to infused cosmetics and medicinal compounds. The Company is currently focused on the commercialization of its products in Canada, and in the province of Ontario in particular, and will continuously re-evaluate commercialization opportunities in the United States when and if such commercialization becomes viable and/or legislative changes occur.

The Stage of Development of New Principal Products

As of the date of this AIF, the Company's principal products and services were not yet fully developed and their commercialization had not yet begun. The Company intends to focus on manufacturing and developing unique consumer products using the WCE Technology, which the Company believes will give it a competitive advantage in the sale of products manufactured with cannabinoid oil extracted from hemp and cannabis.
The Company can, subject to the successful development of the WCE Technology and the receipt of all relevant licenses from Health Canada, provide the following services to customers:

Mobile Extraction Services

The Company can provide certain mobile units it has developed ("**WCE Mobile Units**") to licenced hemp and cannabis producers under a fee for service, royalty based, or revenue sharing model. As of the date of this AIF, the Company is building two WCE Mobile Units in India. The Company anticipates that these two WCE Mobile Units will likely be operational by Q2 2019. In addition, the Company also intends to build one stationary unit in Canada at the WCE Facility, which the Company expects to be operational by Q4 2019.

In-House Partnership

The Company can design, build and operate full scale extraction set-ups in licensed facilities on a revenue sharing basis. As of the date of this AIF, the Company's only in-house partnership is with FSD and FV Pharma, with respect to the WCE Facility. The Company intends to continue to actively seek opportunities to build further partnerships and intends to target the hemp field in Canada.

End User Products

The Company will develop, produce and distribute products to end users in partnership with licensed producers, subject to Health Canada approval. As of the date of this AIF, the Company does not possess a license to sell products directly to end users.
Cannabinoid oils are typically significantly more potent than the equal amount of standard cannabis buds. At high grades, a cannabis concentrate is reminiscent of the cannabis strain it was extracted from; the smell, taste, and effects are simply magnified due to a larger concentration by weight.
End user products which the Company may develop, produce and distribute could include cannabinoid oils sold for: smoking, vaporizing or dabbing; consumption in tinctures to be taken orally as drops, added to food or applied directly to the skin; consumption as pills and other edibles.

Brands

The Company will acquire recognized brands in order to enhance its ability to sell cannabinoids through licenced distributors. As of the date of this AIF, there are no negotiations to which the Company is a party.

Components

As of the date of this AIF, the Company had entered into the Hemp Canada Supply Agreement and the License Agreement to source cannabis to be used to generate cannabinoid oils. The terms of the Hemp Supply Agreement and the License Agreement are further described under "*General Development of the Business*". As of the date of this AIF, no agreements had yet been entered into to source cannabis for processing using the Company's WCE Mobile Units.

Intangible Properties

The Company has applied to patent the WCE Technology and for trade-mark protection in the United States of America and internationally. The duration and effect of patent and trade-mark protection will vary according to each jurisdiction. The Company has retained patent and trade-mark litigation attorneys to enforce all its intellectual property rights to the fullest extent possible.

Cycles

The Company's business is not expected to be cyclical or seasonal. Market demand for wholesale of cannabidiol oils is not projected to vary significantly from month-to-month. Although growth of outdoor cannabis crops is affected by seasonal changes, the Company expects to be able to store dried cannabis plants for processing at times other than during the cannabis growing season. Furthermore, FV Pharma will supply the Company with cannabis grown at its indoor facilities, and such supply will not be affected by seasonal changes.

Foreign Operations

As of the date of this AIF, the WCE Mobile Units located in India were under construction. Furthermore, the Company had entered into the Collaboration Agreement with Parity which relates to, among other things, the US Extraction Services. Since the Company had not begun its operations in India and does not have operations in other foreign jurisdictions outside of Canada, there were no material risks associated with its foreign operations located in India. As of the date of this AIF, the Company had not yet received revenue relating to the Collaboration Agreement. However, the Company had identified certain risks related to U.S. operations, which are further described under "*United States Cannabis Disclosure*".

Employees

As of the date of this AIF, the Company employed four full time employees, which are the Chief Executive Officer Michael McCombie, the Chief Financial Officer Donal Carroll, and two additional employees. At the current stage of development, the Company is focused on maintaining a lean corporate structure, utilizing sales agents for client acquisition when possible.

8 SUMMARY OF QUARTERLY RESULTS

Quarters Ended	Net revenue ($)	Net Loss ($)	Loss per Share ($)
March 31, 2019	-	6,891,415	$0.02
December 31, 2018	-	1,227,730	$0.01
September 30, 2018	-	1,546,941	$0.01
June 30, 2018	-	857,532	$0.01
March 31, 2018	-	506,318	$0.00

These figures represent the quarterly results for the first full year of World Class operations and the first quarter of both World Class and CBD after accounting for the RTO.

9 LIQUIDITY AND CAPITAL RESOURCES

The Company considers the capital that it manages to include share capital, reserves, and deficit, which at March 31, 2019 is $31,896,348 (December 31, 2018 - $34,047,070). The Company manages and makes adjustments to its capital structure based on the funds needed in order to support the development of extraction technology. Management does this in light of changes in economic conditions and the risk characteristics of the underlying assets.

Funding Outlook

At March 31, 2019, the Company has $20,553,291 cash and minimal indebtedness. Thus, at period end, the Company is well positioned to conduct its operations and meet its financial obligations. However, depending on the strategies followed and any future expansion going forward, additional financing may be required. At that time, Management would most likely be considering different sources of potential funding, including further equity issuances, the issuance of debt, the sale of assets and the exercise of warrants and stock options.

10 FINANCIAL MANAGEMENT RISK

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate and foreign exchange rate risk). Risk management is carried out by Management with guidance from the Audit Committee under policies approved by the Board. The Board also provides regular guidance for overall risk management. There have been no significant changes in the risks, objectives, policies and procedures during the reporting period.

Credit Risk

Credit risk is the risk of an unexpected loss if a third party to a financial instrument fails to meet its contractual obligations. The Company has no significant concentration of credit risk arising from its operations. Cash is held at select Canadian financial institutions, from which Management believes the risk of loss to be low. The Company's only credit risk exposure is related to the Note.

Liquidity Risk

Liquidity risk arises through an excess of financial obligations over financial assets at any point in time. The Company's approach to managing liquidity risk is to maintain sufficient readily available cash to continue operations and meet its financial obligations as they become due. See section 10 - Liquidity and Capital Resources.

As at March 31, 2019, the Company had $20,553,291 in cash to settle $294,107 of liabilities. The liquidity risk at Reporting Period end, is therefore immaterial.

Market risk

Market risk is the risk related to changes in the market prices, such as fluctuations in foreign exchange rates and interest rates that will affect the Company's net earnings or the value of its financial instruments.

Interest rate risk

Cash balances are deposited in highly accessible and low-interest bank accounts that are used for short-term working capital requirements. The Company regularly monitors compliance to its cash management policy.

Foreign currency risk

Certain of the Company's expenses are incurred in USD and are therefore subject to gains or losses due to fluctuations in this currency relative to the Canadian Dollar, in which currency funds are raised through equity placements. Management believes that the foreign exchange risk derived from currency conversions is best served by not hedging its foreign exchange risk. At March 31, 2019 and December 31, 2018, the Company's exposure to foreign currency risk with respect to amounts denominated in USD was minimal.

Sensitivity analysis

As of March 31, 2019, and December 31, 2018, both the carrying and fair value amounts of the Company's financial instruments are approximately equivalent due to their short-term nature.

Financial Instruments

IFRS 9 Financial Instruments replaced IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The Company adopted IFRS 9 using the modified retrospective approach where the cumulative impact of adoption will be recognized in retained earnings as of January 1, 2018 and comparatives will not be restated.

Consistent with IAS 39, financial liabilities under IFRS 9 are generally classified and measured at fair value at initial recognition and subsequently measured at amortized cost.

The following table summarizes the classification of the Company's financial instruments under IAS 39 and IFRS 9:

	IAS 39 Classification	IFRS 9 Classification
Financial Assets		
Cash	FVTPL	FVTPL
Short term investments	FVTPL	FVTPL
Convertible notes receivable	Loans and receivables	Amortized cost
Series B convertible preferred stock	Loans and receivables	Amortized cost
Financial Liabilities		
Accounts payable and accrued liabilities	Amortized cost	Amortized cost

The adoption of IFRS 9 did not have an impact on the Company's classification and measurement of financial assets and liabilities.

IFRS 9 uses an expected credit loss impairment model as opposed to an incurred credit loss model under IAS 39. The impairment model is applicable to financial assets measured at amortized cost where any expected future credit losses are provided for, irrespective of whether a loss event has occurred as at the reporting date. The adoption of the new expected credit loss impairment model had no impact on the carrying amounts of financial assets at amortized cost.

Consistent with IAS 39, the financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. Financial liabilities are derecognized when its contractual obligations are discharged or cancelled or expired. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

11 EQUITY

Share Capital – Activity during the three months ended March 31, 2019:

	Common Shares #	Share Capital $
Balance – December 31, 2018	**325,969,230**	**37,392,023**
WCE shares issued to former CBD shareholders upon closing of Reverse Takeover Transaction ("RTO")	29,014,575	3,771,895
Issuance of final subscription receipts	4,448,757	578,338
Less share issuance costs – cash and warrants	-	(5,073,324)
Issuance of common shares pursuant to share split 1.5:1	76,747,495	-,
WCE shares issued for finders' fees	15,000,000	1,950,000
Balance – March 31, 2019	**451,180,147**	**38,628,932**

Shares held in escrow and lock-up agreements

Pursuant to an escrow agreement dated March 11, 2019, (the "Escrow Agreement"), a total of 9,450,000 common shares, held by principals of the Company, are held in escrow and shall be released from escrow on the following dates:

Number of Common Shares	% of Outstanding Common Shares	Release Schedule
9,450,000	2.10%	10% released on March 13, 2019; 15% released 6 months from Listing; 15% released 12 months from Listing; 15% released 18 months from Listing; 15% released 24 months from Listing; 15% released 30 months from Listing; 15% released 36 months from Listing.

In addition to the securities subject to escrow, the Company has entered into lock-up agreements with five major shareholders of the Company. The locked-up securities shall be released as follows" 25% were released on March 21, 2019 ("Date of Listing") on the CSE, and a further 25% shall be released on the 90, 180 and 270-day anniversaries of the Date of Listing.

Stock Options - Activity during the three months ended March 31, 2019:

	Issued Number of Options	Weighted Average Exercise Price	Estimated Fair Value
Balance - December 31, 2018	**13,500,000**	**$0.067**	**$625,884**
Issued	10,600,000	0.17	495,952
Balance – March 31, 2019	**24,100,000**	**$0.11**	**$1,121,836**

The following summarizes the stock options outstanding at March 31, 2019:

Issued Number of Options	Exercisable Number of Options	Exercise Price	Expiry Date	Estimated Fair Value
13,500,000	13,500,000	$0.067	July 7,2021	$625,884
10,600,000	5,300,000	$0.17	March 19, 2022	495,952
24,100,000	**18,800,000**			**$1,121,836**

The weighted average contractual life remaining for stock options as at March 31, 2019 is 2.58 years (December 31, 2018 – nil years).

The above stock options were not included in the computation of diluted net loss per share for the periods presented as they are anti-dilutive.

Warrants - The following summarizes the warrants activity and outstanding warrants for three months ended March 31, 2019:

	Issued Number of Warrants	Weighted Average Exercise Price	Estimated Fair Value
Balance – December 31, 2018	**3,171,825**	**$0.067**	**$167,684**
Issued	15,923,077	$0.13	1,509,508
Issued	15,910,575	$0.13	1,508,323
Issued	5,600,000	$0.13-$0.17	430,520
Balance – March 31, 2019	**40,605,477**	**$0.13**	**$3,616,035**

The following summarizes the outstanding warrants and brokers' warrants at March 31, 2019:

Issued Number of Warrants	Exercise Price	Expiry Date	Estimated Fair Value
3,171,825	$0.067	June 9, 2020	$167,684
5,600,000	$0.13-0.17	March 21, 2021	$430,520
15,923,077	$0.13	September 22, 2022	$1,509,508
15,910,575	$0.13	September 22, 2022	$1,508,323
40,605,477			**$3,616,035**

The weighted average contractual life remaining for warrants as at March 31, 2019 is 3.09 years (December 31, 2018 – 1.19 years).

The above warrants have not been included in the computation of diluted net loss per share as they are anti-dilutive. Warrant-pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Changes in the underlying assumptions for the calculation of warrants can materially affect the fair value estimates.

12 KEY MANAGEMENT EXPENSE

In accordance with IAS 24, key Management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and nonexecutive) of the Company.

During Q1 2019 and 2018, the remuneration of Key Management was:

For the three months ended March 31,	2019	2018
Management fees	**$72,000**	$-
Stock-based compensation for key management	**203,526**	-
Total key management compensation expense	**$275,526**	$-

13 RELATED PARTY TRANSACTION

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. During the three months ended March 31, 2019 and 2018, the Company entered into the following transactions with related parties:

(a) A total of $36,000 (2018 - $nil), plus applicable taxes was charged to the Company by a management company controlled by the Chief Financial Officer ("CFO"), on account of accounting consulting fees.

14 OFF-BALANCE SHEET TRANSACTIONS

The Company has no off-balance sheet transaction for this reporting period.

15 PROPOSED TRANSACTIONS

The Company has no proposed transaction to acquire any additional assets or to dispose of any asset of the Company other than the merger with Quadron. However, from time to time, and like other developing technology enterprises, the Company may acquire or dispose of operations or enterprises with a synergy to meet the Company's skill set and financial objectives.

16 CRITICAL ACCOUNTING ESTIMATES

The Company prepares its interim financial statements in accordance with IFRS. Significant assumptions about the future and other sources of estimation uncertainty that Management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

(i) the inputs used in accounting for share-based payment transactions and in valuations of warrants included in financial assets at fair value through profit and loss;

(ii) the recoverability of GST receivable that are included in the statement of financial position;

(iii) management's judgment in determining the functional currency of the Company as Canadian Dollars;

(iv) the valuation of Intellectual Property ("IP") on the statement of financial position; and

(v) the valuation of the amalgamation with World Class.

17 CHANGES IN ACCOUNTING POLICIES AND FINANCIAL INSTRUMENTS

Changes in Accounting Policies

During the three months ended March 31, 2019, the Company adopted several new IFRS standards, interpretations, amendments and improvements of existing standards. These included IFRS 9, IFRS 16 and IFRIC 23.

IFRS 9 Financial instruments

IFRS 9 Financial Instruments replaced IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The Company adopted IFRS 9 using the modified retrospective approach where the cumulative impact of adoption will be recognized in retained earnings as of January 1, 2018 and comparatives will not be restated.

Consistent with IAS 39, financial liabilities under IFRS 9 are generally classified and measured at fair value at initial recognition and subsequently measured at amortized cost.

The following table summarizes the classification of the Company's financial instruments under IAS 39 and IFRS 9:

	IAS 39 Classification	IFRS 9 Classification
Financial Assets		
Cash	FVTPL	FVTPL
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Convertible notes receivable	Loans and receivables	Amortized cost
Series B convertible preferred stock	Loans and receivables	Amortized cost
Financial Liabilities		
Accounts payable and accrued liabilities	Amortized cost	Amortized cost

The adoption of IFRS 9 did not have an impact on the Company's classification and measurement of financial assets and liabilities.

IFRS 16, Leases

On January 13, 2016, the International Accounting Standards Board published a new standard, IFRS 16, Leases, eliminating the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Under the new standard, a lease becomes an on-balance sheet liability that attracts interest, together with a new right-of-use asset. In addition, lessees will recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. The application of the new standard had no impact on the condensed consolidated interim financial statements as at March 31, 2019.

IFRIC 23, Uncertainty over Income Tax Treatments

New standard to clarify the accounting for uncertainties over income taxes. The interpretation provides guidance and clarifies the application of the recognition and measurement criteria in IAS 12 "Income Taxes" when there is uncertainty over income tax treatments. The interpretation is effective for annual periods beginning on January 1, 2019. The application of the new standard had no impact on the condensed consolidated interim financial statements as at March 31, 2019.

These new standards and changes did not have any material impact on the Company's consolidated financial statements.

Financial Instruments

IFRS requires that the Company disclose information about the fair value of its financial assets and liabilities. The Carrying amounts of cash equivalents, receivables, trade and other accounts payable and promissory note on the statements of financial position approximate fair value because of the limited term of these instruments.

Fair value estimates are made by the Company at the date of the statement of financial position based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision.

The Company does not have any derivative financial instruments. All financial instruments are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans and receivables or fair value through profit or loss.

18 RISKS AND UNCERTAINTIES

Although Management attempts to mitigate risks associated with extraction technology, and to minimize their effect on the Company's financial performance, there is no guarantee that the Company will be profitable in the future and the Company's Common Shares should be considered speculative.

Dependency on relationship with FSD – The ability of the Company to carry on its business in extracting and processing cannabinoids derived from cannabis and hemp is dependent on obtaining all required licences, including the licences to produce cannabis oil products, and adherence to all regulatory requirements related to such activities.

The Company intends to rely on FSD's Cannabis Sale License to sell the cannabidiol oils produced using the WCE Technology to third parties. Such sale would require FSD to modify the Cannabis Sale License it currently holds. There is no certainty that FSD will be granted the required amendments to the Cannabis Sale License.
At present, the Company's ability to carry on its business in extracting and processing is heavily dependent on its business relationship with FSD and its ability to utilize FSD's Standard Processing License and Cannabis Sale License.

No Standard Processing License – As of the date of this AIF, the Company does not possess its own Standard Processing License to produce extracts from cannabis and hemp using the WCE Technology. Instead, the Company intends to operate under a Standard Processing License held by FV Pharma, pursuant to the terms of the License Agreement, which grants to FV Pharma a non-exclusive license to manufacture, commercialize, sell, and offer for sale, CBD, oil and other extracts extracted using the WCE Technology. The Company's ability to produce extracts from cannabis and hemp on its own using the WCE Technology is dependent on the Company obtaining, in the future, a Standard Processing License from Health Canada. Any Standard Processing License granted to the Company will be subject to ongoing compliance and reporting requirements, and a failure to comply with the requirements of such licence, or any failure to maintain such licenses, would have a material adverse impact on the business, financial condition and operating results of the Company.

There can be no assurance that Health Canada will grant the Company a Standard Processing License, and further, there can be no assurance that if granted, Health Canada will extend or renew such license or, if extended or renewed, that such license will be extended or renewed on the same or similar terms. Should Health Canada not grant, extend or renew the Standard Processing License, or should Health Canada extend or renew such licenses on different terms, the business, financial condition and operating results of the Company would be materially adversely affected.

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

Dependence on Third Party Suppliers – The Company's business is dependent on its ability to source cannabis from FSD and other licensed producers and suppliers. A failure to source the cannabis required for the Company's business and operations would have a material adverse impact on the business, financial condition and operating results of the Company. Real or perceived quality control problems with raw materials sourced from FSD or other third parties could negatively impact consumer confidence in the Company's products, or expose it to liability. In addition, disruption in the operations of any such supplier or material increases in the price of raw materials, for any reason, such as changes in economic and political conditions, tariffs, trade disputes, regulatory requirements, import restrictions, loss of certifications, power interruptions, fires, hurricanes, drought or other climate-related events, war or other events, could have a material adverse effect on the Company's business, results of operations, financial condition and cash flows.

Commercialization Risk – As of the date of this AIF, the Company has built a pilot extraction unit which utilizes the WCE Technology. The Company's ability to build a commercial scale system and provide extraction services to the global market will require that its pilot extraction unit be scalable from laboratory, pilot and demonstration projects to large commercial-scale WCE Mobile Units in large-scale projects. At present, the assembly and test operation of the Company's pilot extraction unit takes place in a controlled assembly and test environment. However, The Company may be unable to control the environment in which large commercial-scale WCE Mobile Units are assembled, or in which they operate, and consequently, the Company's WCE Mobile Units may become non-functional, their results may be adversely affected and the assembled and tested WCE Mobile Units may become defective. In addition, the Company may not have identified all of the factors that could affect the extraction processes, with the result that the Company's pilot extraction unit may not perform as expected when applied at large commercial-scale, or that the Company may encounter operational challenges for which it may be unable to identify a workable solution. Any unanticipated issues in the extraction process, and other similar challenges could decrease the efficiency of the extraction process, create delays and increase the Company's costs, and lead the Company to be unable to scale up its extraction process in a timely manner, on commercially reasonable terms, or at all. If the Company is unable to replicate the test results of its pilot extraction unit at a large commercial scale, its ability to commercialize the WCE Technology will be adversely affected, and consequently, its ability to reach, maintain and increase the profitability of its business will be adversely affected.

Cannabis Sector Risks – As discussed further below, subject to further clarity on the position of the U.S. Federal Government on the enforcement of U.S. federal laws relating to the cannabis industry, the Company may, in the future, be involved in select states within the United States, and may directly derive a portion of its revenues from, the cannabis industry in certain U.S. states, which industry is illegal under U.S. federal law. The Company may therefore be directly involved in the cannabis industry in the United States where local state law permits such activities, as well as the cannabis industry in Canada. **See "*Description of the Business – Risk Factors – United States Cannabis Industry Risk*"** in the Company's Annual Information Form ("AIF") filed on www.sedar.com on May 8, 2019.

Change in Laws, Regulations and Guidelines – The Company's operations are, and may in the future become, subject to various laws, regulations and guidelines relating to the manufacture, management, packaging/labelling, advertising, sale, transportation, storage and disposal of medical cannabis, including laws and regulations relating to drugs, controlled substances, health and safety, the conduct of operations and the protection of the environment. To the knowledge of management, other than routine corrections that may be required by Health Canada from time to time, the Company is currently in compliance with all such laws; however, changes to such laws, regulations and guidelines due to matters beyond the control of the Company may cause adverse effects to its operations.
The Company is continuously reviewing and enhancing its operational procedures and facilities on a proactive basis. The Company follows all regulatory requirements in response to inspections in a timely manner. The Company endeavours to comply with all relevant laws, regulations and guidelines. To the Company's knowledge, it is in compliance or in the process of being assessed for compliance with all such laws, regulations and guidelines.

Reliance on Management and Key Personnel – The Company believes that its success has depended, and continues to depend, on the efforts and talents of its executives and employees, including its Chief Executive Officer. The Company's future success depends on its continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. Qualified individuals are in high demand, and the Company may incur significant costs to attract and retain them. In addition, the loss of any of the Company's senior management or key employees could materially adversely affect its ability to execute its business plan and strategy, and it 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.

Factors Which May Prevent Realization of Growth Targets – The Company is currently in the expansion from early development stage. The Company's growth strategy contemplates outfitting the WCE Facility with additional production resources. There is a risk that these additional resources will not be achieved on time, on budget, or at all, and further, that the Company may not have sufficient product available to meet the anticipated future demand when it arises, as a result of being adversely affected by a variety of factors, including some that are discussed elsewhere in these risk factors and the following:

- failure, or delays in, obtaining or satisfying 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 or storms.

The Company may experience unforeseen additional expenditures.

Additional Financing – The continued development of the Company may require additional financing. The failure to raise such capital could result in the delay or indefinite postponement of the Company's current business strategy or the Company ceasing to carry on 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. 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. Debt financings may contain provisions, which, if breached, may entitle lenders to accelerate repayment of loans and there is no assurance that the Company would be able to repay such loans in such an event or prevent the enforcement of security granted pursuant to such debt financing. 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.

Competition – The industrial technology industry is intensely competitive in all its phases, and there is potential that the Company will face intense competition from other companies, some of which can be expected to have more financial resources and extraction, and manufacturing and marketing experience than the Company. There can be no assurance that potential competitors of the Company, which may have greater financial, R&D, sales and marketing and personnel resources than the Company, are not currently developing, or will not in the future develop, products and strategies that are equally or more effective and/or economical as any products or strategies developed by the Company or which would otherwise render the Company's products or strategies obsolete. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition and results of operations of the Company.

Risks Related to Intellectual Property – The Company's success and ability to compete effectively will depend, in part, on its ability to maintain the proprietary nature of its technology and manufacturing and extraction processes, the ability to secure and protect its patents, trade secrets, trademarks and other intellectual property rights either developed internally or acquired, and to operate without infringing on the proprietary rights of others or having third parties circumvent the rights that it owns or licences.

At present, the Company has one (1) provisional patent applications pending in the United States. The patent position of a company is generally uncertain and involves complex legal, factual and scientific issues, several of which remain unresolved, and as such, there can be no assurance that the Company will be able to secure the patents applied for or develop other patentable proprietary technology and/or products. Furthermore, the Company cannot be completely certain that its future patents, if any, will provide a definitive and competitive advantage or afford protection against competitors with similar technology. There can be no assurance that any of the Company's patents will be sufficiently broad to protect the Company's technology or that they will not be challenged or circumvented by others, or found to be invalid. In addition, competitors or potential competitors may independently develop, or have independently developed products as effective as ours or invent or have invented other products based on our patented products.

The Company cannot determine with any certainty whether it has priority of invention in relation to any new product or new process covered by a patent application or if it was the first to file a patent application for any such new invention. Furthermore, in the event of patent litigation there can be no assurance that its patents, if any, would be held valid or enforceable by a court of competent jurisdiction or that a court would rule that the competitor's products or technologies constitute patent infringement. Claims that the Company's technology or products infringe on intellectual property rights of others could be costly to defend or settle, could cause reputational injury and could divert the attention of the Company's management and key personnel, which in turn could have a material adverse effect on the Company's business, results of operations, financial condition and cash flows.

The Company relies on trade secrets, know-how and technology, which are not protected by patents, to maintain its competitive position. While the Company takes reasonable measures to protect this information, parties who have access to such confidential information, such as our current and prospective suppliers, distributors, manufacturers, commercial partners, employees and consultants, may disclose confidential information to our competitors, and it is possible that a competitor will make unauthorized use of such information. Any such unauthorized disclosure or use could affect the Company's competitive position and could materially and adversely affect the business, financial condition and results of operations of the Company.
In the event that the Company's intellectual property rights were to be infringed by, disclosed to or independently developed by a competitor, enforcing a claim against such third party could be expensive and time-consuming and could divert management's attention from our business. In addition, the outcome of such proceedings is unpredictable.

Any adverse outcome of such litigation or settlement of such a dispute could subject the Company to significant liabilities, and could put one or more of the Company's patents or patent application, as applicable, at risk of being not issued, of being invalidated, or of being interpreted narrowly.

Research and Development and Product Obsolescence – Rapidly changing markets, technology, emerging industry standards and frequent introduction of new products characterize the Company's business. The introduction of new products embodying new technologies, including new manufacturing and extraction processes, and the emergence of new industry standards may render the Company's technology, less competitive or less marketable. The process of developing the Company's technology is complex and requires significant continuing costs, development efforts and third-party commitments. The Company's failure to develop new technologies and the obsolescence of existing technologies could adversely affect the business, financial condition and operating results of the Company. The Company may be unable to anticipate changes in its potential customer requirements that could make the Company's existing technology obsolete. The Company's success will depend, in part, on its ability to continue to enhance its existing technologies, develop new technology that addresses the increasing sophistication and varied needs of the market, and respond to technological advances and emerging industry standards and practices on a timely and cost-effective basis. The development of the Company's proprietary technology entails significant technical and business risks. The Company may not be successful in using its new technologies or exploiting its niche markets effectively or adapting its businesses to evolving customer or medical requirements or preferences or emerging industry standards.

Unfavourable Publicity or Consumer Perception – The Company believes the cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the cannabis and cannabis products produced or manufactured. Consumer perception of the Company's products and technologies can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medical cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the medical and recreational cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Company's technology and extraction services and the business, results of operations, financial condition and cash flows of the Company. 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 extraction services and the resulting 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 cannabis in general, or the Company's products and services specifically, or associating the consumption of medical and/or recreational cannabis 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 legally, appropriately or as directed.

Product liability – As a manufacturer and distributor of products directly or indirectly 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 cannabis 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 cannabis products alone or in combination with other medications or substances could occur. The Company may be subject to various product liability claims, including, among others, that the products produced by the Company, or produced using outputs from the WCE Class Technology, 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 the business, financial condition and operating results 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 products.

Product Recalls – Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of the products produced by the Company, or produced using outputs from the WCE Class Technology, 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. 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 products produced by the Company were subject to recall, the image of that product and the Company could be harmed. Any recall, including for any of the foregoing reasons, could lead to decreased demand for products produced by the Company 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 operations of the Company by

Health Canada or other regulatory agencies, requiring further Management attention and potential legal fees and other expenses.

Reliance on Key Inputs – The Company's business is dependent on a number of key inputs and their related costs including raw materials and supplies, specifically cannabis. 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.

Difficulty to Forecast – 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 and recreational cannabis 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.

Operating Risk and Insurance Coverage – The Company has insurance to protect certain assets, operations and employees. Such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which the Company is exposed. In addition, no assurance can be given that such insurance will be adequate to cover the Company's liabilities or will be generally available in the future, or if available, that premiums will be commercially justifiable. If the Company were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if the Company were to incur such liability at a time when it is not able to obtain liability insurance, its business, results of operations and financial condition could be materially adversely affected.

Management of Growth – The Company may be subject to growth-related risks, including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Conflicts of Interest – The Company may be subject to various potential conflicts of interest because of the fact that 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, in the event that 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.
Unpredictable and Volatile Market Price for Common Shares – The market price for Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control, including the following:

- actual or anticipated fluctuations in the Company's quarterly results of operations;

- recommendations by securities research analysts;
- changes in the economic performance or market valuations of companies in the industry in which the Company operates;
- addition or departure of the Company's executive officers and other key personnel;
- release or expiration of lock-up or other transfer restrictions on outstanding Common Shares;
- sales or perceived sales of additional Common Shares;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors;
- operating and share price performance of other companies that investors deem comparable to the Company;
- fluctuations to the costs of vital production materials and services;
- changes in global financial markets and global economies and general market conditions, such as interest rates and pharmaceutical product price volatility;
- operating and share price performance of other companies that investors deem comparable to the Company or from a lack of market comparable companies; and
- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Company's industry or target markets.

Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Common Shares may decline even if the Company's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which might result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely affected and the trading price of the Common Shares might be materially adversely affected.

Future Sales of Common Shares by Existing Shareholders – Sales of a substantial number of Common Shares in the public market could occur at any time. These sales, or the market perception that the holders of a large number of Common Shares intend to sell Common Shares, could reduce the market price of our Common Shares. Holders of options to purchase Common Shares will have an immediate income inclusion for tax purposes when they exercise their options (that is, tax is not deferred until they sell the underlying Common Shares). As a result, these holders may need to sell Common Shares purchased on the exercise of options in the same year that they exercise their options. This might result in a greater number of Common Shares being sold in the public market, and fewer long-term holds of Common Shares by the management and employees of the Company.

Capital and Financial Management Risk
See Financial Management Risk.

19 COMMITMENTS AND CONTINGENCIES

Consulting Agreements

The Company's CEO provides management services to the Company pursuant to an consulting agreement. The CEO's annual compensation is $144,000. Early termination of the agreement requires 14 days' written notice. At March 31, 2019), a total of $12,000 (2018 - $nil) was due and owing to the CEO for unpaid management fees. This sum is unsecured, non-interest bearing, and due on demand.

The Company's CFO provides financial/accounting and management services to the Company pursuant to a consulting agreement, through a personal management company. The CFO's annual compensation is $144,000. Early termination of the agreement requires 14 days' written notice.

Other Agreements

(a) Hemp Supply Agreement

On February 28, 2019, the Company signed a supply agreement with certain suppliers to purchase approximately 1,000 kg of hemp crop an agreed price of $100 per kg.

(b) Continuing Agreements with FV Pharma

- License agreement – The Company has agreed to build a commercial scale pilot extractions plant within FV Pharma's production facility; this will allow the Company to be able to provide extraction services directly to FV Pharma. This agreement also includes provisions for the distribution of the Company's products through FV Pharma's distribution channels.
- Lease agreement – This agreement allows the Company to occupy a space in FV Pharma's facility for the purpose of creating extracting manufacturing capabilities and any other ancillary related products containing cannabis. The term of the lease is ten (10 years) from the date of execution of the definitive lease agreement.

(c) Revenue Collaboration Agreement

On March 21, 2019, the Company and Parity Partners PBC **("Parity")** entered into a definitive agreement which provides that Parity shall, in exchange for financing and certain compensation, from the Company, provide the following services (**the "Services"):**

i) Source appropriate locations in the United States to locate the Company's proprietary extractions machines;
ii) Obtain all licenses and approvals necessary for the Company to extract oils containing THC, CBD and other cannabinoids from hemp and cannabis plants (the **"US Extraction Services");**
iii) Supply the raw materials necessary for the Company to perform US Extraction Services; and
iv) Develop a market for the US Extraction Services and the products produced out of the US Extraction Services, including by employing salespeople and developing relationships with distributors.

Compensation for the Services shall be payable by cash and the issuance of warrants, contingent upon Parity achieving agreed upon revenue and net profit milestones.

See Section 5 – Overall Performance.

See Section 19 – Related Party Transactions.

See Section 20 – Subsequent Events.

Change in Laws, Regulations and Guidelines – The Company's operations are, and may in the future become, subject to various laws, regulations and guidelines relating to the manufacture, management, packaging/labelling, advertising, sale, transportation, storage and disposal of medical cannabis, including laws and regulations relating to drugs, controlled substances, health and safety, the conduct of operations and the protection of the environment. To the knowledge of management, other than routine corrections that may be required by Health Canada from time to time, the Company is currently in compliance with all such laws; however, changes to such laws, regulations and guidelines due to matters beyond the control of the Company may cause adverse effects to its operations.

The Company is continuously reviewing and enhancing its operational procedures and facilities on a proactive basis. The Company follows all regulatory requirements in response to inspections in a timely manner. The Company endeavours to comply with all relevant laws, regulations and guidelines. To the Company's knowledge, it is in compliance or in the process of being assessed for compliance with all such laws, regulations and guidelines.

20 SUBSEQUENT EVENTS

Subsequent to March 31, 2019, the following events occurred:

i) The Company retained the services of Mackie Research Capital Corporation to act as a financial advisor to the Company. Compensation for such services includes the issuance of 3,000,000 common share purchase warrants to purchase 3,000,000 common shares for a period of 36 months from issue, at an exercise price of $0.18 per share. Vesting of the warrants is conditional on the daily volume weighted average trading price of the WCE common shares exceeding $0.18 for 20 consecutive trading days within six months of issuance.

ii) The Company listed its common shares on the Frankfurt Stock Exchange, symbols "WCF" and "WKN A2PF9C".

iii) The Company and Quadron Cannatech Corporation ("Quadron") entered into an arrangement agreement providing for the merger of the companies. ("Arrangement Agreement"). Pursuant to the terms of the Arrangement Agreement, a) the Company has agreed to acquire all of the issued and outstanding shares of Quadron and b) shareholders of Quadron will receive two common shares of the Company for every Quadron share held. **Further details of the proposed arrangement are discussed in the Company's Annual Information Form**, ("AIF") filed at www.sedar.com on May 8, 2019.

iv) The Company has retained Hybrid Financial Ltd. ("Hybrid") and Ascension Millionaires Club Inc. ("Ascension") to enhance the Company's market awareness. Compensation for such service includes a monthly fee of $15,000 and stock options to purchase 350,000 common shares at $0.17 per share at any time on or before April 8, 2021.

v) The Company subscribed for 2,000 senior secured convertible debentures and 11,111,111 common share purchase warrants issued by Alkaline Spring, for $2,000,000. The debentures mature in two years, are priced at $1,000 per debenture, bear interest at 9% per annum and are convertible into common shares of Alkaline Spring at an initial price of $0.18 per share, subject to downward adjustment in certain circumstances. The Alkaline warrants are exercisable into one further share at a price of $0.25 for a period of three years. As a substantial investor, the Company is entitled to receive further rights, the details of which are discussed in the Company's AIF.

vi) The Company granted 2,050,000 stock options to consultants, to purchase 2,050,000 common shares at $0.17 per share. Part of the options vest on the date of grant and the remainder vest over certain future (set) dates. The expiry dates of the options occur from April 8, 2021 to April 8, 2024.

vii) The Company granted 5,000,000 stock options to consultants, to purchase 5,000,000 common shares at $0.21 per share. 1,250,000 of the stock options will vest on the date of the Arrangement, with another 1,250,000 stock options vesting in increments successively every six months thereafter. The options are exercisable for three years from the date of the Arrangement however if the Arrangement is not completed by July 1, 2019, all of the stock options will expire.

viii) The Company issued 3,000,000 common share purchase warrants to consultants as consideration for services rendered. The warrants have an exercise price of $0.18 per share and expire on September 22, 2022.

21 SHARE DATA

As at	Common Shares	Warrants	Stock Options	Fully Diluted
December 31, 2018	325,969,230	3,171,825	13,500,000	342,641,055
March 31, 2019	451,780,147	40,605,477	24,100,000	516,485,624
May 30, 2019	451,780,147	46,605,477	31,500,000	529,885,624