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AFFINOR GROWERS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2016

INTRODUCTION

This is Management's Discussion and Analysis ("MD&A") for Affinor Growers Inc. ("Affinor" or the "Company") and has been prepared based on information known to management as of September 23, 2016. This MD&A is intended to help the reader understand the consolidated financial statements of Affinor.

The following information should be read in conjunction with the audited consolidated financial statements as at May 31, 2016 and 2015 and the related notes thereto, prepared in accordance with International Financial Reporting Standards ("IFRS"). The MD&A provides a review of the performance of the company for the year ended May 31, 2016. Additional information relating to the Company can be found on SEDAR www.sedar.com.

Management is responsible for the preparation and integrity of the consolidated financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management also ensures that information used internally or disclosed externally, including the consolidated financial statements and MD&A, is complete and reliable.

The Company's board of directors follows recommended corporate-governance guidelines for public companies to ensure transparency and accountability to shareholders. The board's audit committee meets with management regularly to review the consolidated financial statements, including the MD&A, and to discuss other financial, operating and internal-control matters.

All currency amounts are expressed in Canadian dollars unless otherwise noted.

FORWARD LOOKING STATEMENTS

Certain sections of this MD&A provide, or may appear to provide, a forward-looking orientation with respect to the Company's activities and its future financial results. Consequently, certain statements contained in this MD&A constitute express or implied forward-looking statements. Terms including, but not limited to, "anticipate", "estimate", "believe" and "expect" may identify forward-looking statements. Forward-looking statements, while they are based on the current knowledge and assumptions of the Company's management, are subject to risks and uncertainties that could cause or contribute to the actual results being materially different than those expressed or implied. Readers are cautioned not to place undue reliance on any forward-looking statement that may be in this MD&A.

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The following forward looking statements have been made in this MD&A:

- Impairment of intangible assets;
- The progress, potential and uncertainties of the Company's plant in Quebec, Canada;
- The potential and uncertainties of the Company's sales; and
- Expectations regarding the ability to raise capital and to continue its development of the vertical farming technology.

ADDITIONAL INFORMATION

Financial statements, MD&A's and additional information relevant to the Company and the Company's activities can be found on SEDAR at www.sedar.com, and/or on the Company's website at www.affinorgrowers.com.

SUMMARY AND OUTLOOK

It is the mission of Affinor to be the world-wide technology and market leader in acquiring and commercializing innovative vertical farming technologies that use the least possible resources (eg. land, water, and energy resources) to produce high quality, sustainable products.

Affinor's patented technologies position the Company well in the vertical farming industry. It is the only vertically integrated growing system that can offer patented automated mechanical pollination for fruiting crops and true vertical solutions for the greenhouse industry. Affinor's proprietary crop models for in demand crops such as strawberries and romaine lettuce can offer full turn-key growing solutions to our customers. Revenue models for the Company include license fees, royalties on production, margin on equipment sales and owning strategic production facilities and becoming the farmer.

Our plan for 2016 and 2017 is to continue to focus on becoming the leading technology developer and distributor of vertical farming equipment in order to help solve food security problems by using our proprietary growing and cultivation systems. With the help of our strategic partners and our technical team, Affinor's immediate plans include continuing the development and commercialization of the patented technology, validation through third party partners, and building a pilot plant or test commercial facility with strategic partnerships to prove commercialization and revenue models.

Commercial Trial and Development

In December 2015, Affinor tested within a commercial greenhouse a single 4-level tower for strawberry production. A single 140 square foot space that typically yielded 8 plants per square meter was replaced with Affinor growing technology. That same 140 square feet yielded 21 plants per square meter, with vertical room to add another 6 levels for a potential 52 plants per square meter. The project allows Affinor to test and demonstrate the technology within a commercial environment proving our concepts and designs. It is anticipated to continue with the commercial trial throughout the winter of 2016 and 2017.

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Success of this small operation has tremendous potential to see Affinor grow its revenues very quickly.

Light Industrial Prototype

A single beta prototype "light industrial" four level tower was installed at the University of Fraser Valley Surrey location. The design replaces the "residential home" growing development project. The smaller, light industrial prototype is intended for the greenhouse user with limited space and height and can still be used for residential applications, but will require a footprint of more than 100 square feet. The installed prototype is actively growing strawberries and developing crop models to maximize fruit production. The trial is expected to continue throughout the winter of 2017.

Pilot Plant and Commercialization

Our plan in throughout 2017 is to build a pilot plant consisting of 4, 10 level vertical farming towers within the University of Fraser Valley's technologically advanced diffusion greenhouse located in Chilliwack and partner with a license holder to build a commercial farm consisting of several full scale towers.. Each project will be used to generate revenue for the local market, prove operational assumptions and provide equipment validation, and commercialization models.
These operations will be used to study and improve Affinor's technology, generate revenues from strawberry sales, and as a showcase for sales and development.

New Lighting Technology

Affinor's technology will require supplemental lighting in order to grow product year round for many greenhouse crops. Affinor has partnered with a new LED technology company in Washington offering the penetration, lumen output and spectral array superior to any other agriculture LED system. It will also consume a third of the energy of any current LED light making it the most efficient in the market. Affinor will be testing the LED system over the winter of 2016. Upon the success of the project, Affinor will be able to use the technology for its growing systems and is negotiating rights to sell to other agriculture operations for revenue.

St-Chrysostome Greenhouse Facility

Affinor continues to own the property in Quebec with the long term goal of building a large-scale vertical farm. This would be one of several farms owned and operated by Affinor that would be used to showcase the technology and sell license agreements while generating revenue once commercialization and revenue models have been proven. Alternatively, Affinor can sell the property and invest the funds to further other projects and development.

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AFFINOR
GROWERS

1. Background

The Company was incorporated under the Canadian Business Corporations Act on August 27, 1996. The Company is a diversified publicly traded company on the Canadian Securities Exchange under the symbol “AFI” and is also listed on the Frankfurt Stock Exchange under the symbol “1AF” as well as on the US OTCQB under the symbol “RSSFF”.

The Company began as Affinor Resources Inc., a company with mining projects in Québec, Canada. The Company recognized a great opportunity when it discovered a team that was developing a system and technology to help solve problematic crops sustainably.

2. Overview

The Company is focusing on developing vertically integrated farming technology and growing problematic demand crops to mass produce, high quality, and products for local distribution. The team is currently working towards becoming a supplier of vertical farming technologies and proprietary processes for strawberries and other crops such as romaine lettuce and herbs in North America.

The Company plans to offer solutions for fresh, non-GMO, delicious food grown in environments without pesticides or chemicals. The Company plans to be an industry leader growing water-fed, nutrient rich strawberries, free of sprayed chemicals, food dyes, mold, field rot and pesticides.

The Company’s proprietary technologies control precise combinations of light, temperature, water, and nutrients to create specific growing conditions that result in optimum crop production, product quality and shelf life. To the knowledge of the Company, no current growing methods compare to the Company’s software-driven, automation technology that results in Grade A1 mechanically pollinated strawberries.

The high demand for strawberries, lettuce, and other crops is due to a lack of domestic consistent suppliers. Canada may be home to some of the best organic berry-growing conditions in the world, but its short growing season has created a strong demand for what the Company’s technology can produce in a reliable efficient manner.

3. Highlights Summary

The following is a brief description of the activities incurred by the Company during this current fiscal period and to date. Additional information can be obtained from the Company's website (www.affinorgrowers.com).

The Company completed 3 private placements raising a total of $1,355,000 and settling $342,902 in debt by issuing shares (see section 6(d) "Liquidity and Capital Resources" section).

On November 23, 2015, the Company announced that it shipped the first test machine to a major food producer / distributer in Michigan State. On December 7, 2015, the Company announced that it installed the vertical farming growing system in late November while the strawberry plants were planted in early December. Furthermore, on January 14, 2016, the Company announced that the test running was on pace and doing very well. The equipment was used in a large scale commercial facility as it has been designed for mass production of strawberries with mechanical pollination in the most automated form. This first commercial test, once completed, will enable the Company to achieve a new milestone toward Strawberry Production, Food Security, and Food Safety.

On December 21 2015, the Company announced that it signed a Memorandum of Understanding ("MOU") with the University of the Fraser Valley ("UFV") to install two automated residential vertical growing towers in new BIO POD greenhouses slated for construction in Surrey, British Columbia. This installation allows Affinor to implement an innovative residential design and begin scaling operations for wholesale production, packaging, and international distribution of clean, safe, fresh food. This opportunity also helps in developing a new generation of technology that has the potential to tremendously increase food security without the need to develop more agricultural land resources. The partnership represents the start of a new era in agriculture production. Affinor is proud to partner with UFV and believes the combination will result in the mass production of fruit and vegetables for consumers, while enhancing sustainability and adding to the global agricultural knowledge-base.

On January 12, 2016, the Company announced the signing of another MOU with the UFV, detailing the collaboration and utilization of Affinor's leading edge vertical farming technology in full-scale production mode. Grade A strawberries will be produced using an existing light-diffused polycarbonate greenhouse (manufactured by BW GLOBAL FREEFLOW) on the UFV campus in Chilliwack, BC. It is anticipated this operation will generate revenue from strawberry sales on a small scale at first, with expansion potential. This venture will also explore new agriculture methods and provide opportunities for the University of the Fraser Valley in pioneering new methods of production. The first run strawberry vertical production in BC could start as soon as the summer of 2016 and data collected from this operation will be compared with yields from existing operations in Michigan. This information will help prove the production capability of Affinor's vertical growing tower technology."

On February 24, 2016, the Company executed a variable rate term loan and an operating loan (the "credit facilities") with Vancouver City Savings Credit Union ("Vancity") as follows:

- Variable rate term loan (to assist with the setup of a vertical farm) – $86,000, five year amortization, 12-month term, repayable in blended monthly payments of $1,583 commencing one month from the date of initial disbursement, secured by a business promissory note.

- Operating loan (to assist with the operation of the vertical farm) - $25,000, 12-month term, repayable on demand, secured by a business and operating loan application and agreement.

The credit facilities bear interest at Vancity prime plus 1% per annum; can be repaid in full, or in part, at any time without notice, penalty or bonus; are personally guaranteed by a former director of the Company; are additionally secured by an unlimited guarantee and postponement of claim and security over deposits (in the amount of $115,000) made by the former director with respect to the debts and liabilities of the Company; and are subject to a debt service coverage (as defined) of a minimum of 1.25 times at all times.

As of May 31, 2016, Vancity had not advanced any funds in respect of the credit facilities.

On February 2, 2016, the Company announced that it signed a Letter of Intent with Ontario license holder, Urban Vertical Farms, to finance the Quebec Vertical Farm. The injection of funds will be project specific to continue the technologically advanced greenhouse and infrastructure of the facility bringing it into the next phase of development. The terms of the deal will be a joint venture partnership with final terms and agreement released when a definitive agreement is completed and executed.

On April 4, 2016, the Company announced that it signed a purchase agreement with THC BioMed Intl. (“THC”) to install Affinor’s vertical farming system. The nature of the agreement is to install, showcase and develop the technology under commercial conditions to ensure capabilities for mass low cost production of cannabis and cannabis products. THC BioMed recently received a federal license from Health Canada to cultivate medical marijuana and has selected Affinor's automated vertical farming equipment to help compete with high quality product and mass production as the market continues to open up.

On April 19, 2016, the Company announced that it has installed a "light industrial" vertical growing tower with the University of the Fraser Valley Agriculture Training and Research Demonstration Greenhouse at the John Volken Academy in Surrey, British Columbia. The four-level automated tower will allow Affinor Growers to demonstrate and validate various crop models, and begin selling license agreements. The tower was planted with strawberries and holds 128 plants, tripling the production per square meter when compared to the traditional soil beds within the same greenhouse. A second tower will be installed over the summer at the same location and hold 256 plants.

On April 27, 2016, the Company announced that it signed a non-exclusive licensing agreement with a private B.C. based company (the “Licensee”). The agreement allows the Licensee to purchase and install Affinor’s growing towers in order to grow and produce strawberries and romaine lettuce in British Columbia. The facility will be built in Abbotsford, British Columbia.

The Licensee is being funded by the inventor of the equipment, Mr. Nick Brusatore, who is also providing the land which he recently purchased. The private company is controlled by a family member of Mr. Brusatore and the plan is to purchase and install 24 towers in phase one, and may install further towers at a later date. Affinor expects to receive payment for the towers during the summer. When the towers are installed and producing, under the agreement, Affinor will receive 10% of sales as a royalty up to $100,000 in royalty payments, and then a 3% of sales royalty thereafter.

On May 25, 2016, the Company announced that it signed a non-exclusive licensing agreement with a private Tennessee farming company (the "Licensee"). The agreement allows the Licensee to purchase and install Affinor's growing towers in order to grow and produce fruits and vegetables. The facility will be the first commercial facility located in the US.

The Licensee plans to purchase and install 24 towers, and may install further towers at a later date. Affinor expects to receive payment for the towers during the fall. When the towers are installed and producing, under the agreement, Affinor will receive 10% of sales as a royalty up to US$100,000 in royalty payments, and then a 3% of sales royalty thereafter. On May 26, 2016, the Company received US$10,000 as a non-refundable deposit.

On June 27, 2016, the Company announced that it signed a non-exclusive licensing agreement with a private Alberta based company (the "Licensee"). The agreement allows the Licensee to purchase and install Affinor's growing towers in order to grow and produce strawberries and romaine lettuce at a single location in Alberta.

Affinor expects to receive payment for the towers during late fall. When the towers are installed and producing, under the agreement, Affinor will receive 10% of sales as a royalty up to $100,000 in royalty payments, and then a 3% of sales royalty thereafter.

On December 22, 2015, the Company signed the second IP acquisition agreement with Vertical Designs Ltd. to acquire both the remaining Patents regarding the proprietary vertical farming systems, and the license agreements with certain partners covering various provinces of Canada. The Patents had been transferred to the Company for a final issuance of 10 million common shares at $0.10 per share on June 15, 2016, valuing the purchase price at $1 million.

On October 30, 2015, Gary Lloyd resigned from the board of directors and on November 20, 2015, David Mack joined the board.

On June 4, 2016, Nick Brusatore resigned from the board of directors and on June 6, 2016, Rick Easthom joined the board. On June 8, 2016, Affinor granted 200,000 options at the price of $0.10 for a period of 3 years to Rick Easthom.

On September 7, 2016, 15,100,000 warrants granted on September 11, 2015 with original expiry date of September 11, 2016 were extended to expire on September 11, 2018.

4. Risks and Uncertainties

The Company is subject to a number of risks and uncertainty associated with the successful development of its major crop products, such as romaine lettuce and strawberries, and with the financing requirements of its operations. The attainment of profitable operations is dependent upon future events, including the successful completion of technology crop feasibility studies, energy saving strategies and crop modeling for the Greenhouse project in Quebec, Canada. Commercialization of its products and technology is dependent on obtaining adequate financing to complete its commercialization plans.

The Company's success depends on a number of factors, many of which are beyond its control. The primary risk factors affecting the Company include inherent risks in the agricultural industry, produce price fluctuations and currencies.

Inherent risks within the agricultural industry

The commercial viability of agricultural facility depends on many factors, not all of which are within the control of management. Some of the factors that will affect the financial viability of a given produce include global demand and global supply. Other factors such as government subsidies, regulation and taxes could also have an impact on the economic viability of an agricultural facility.

There is no assurance at this time that the Company's agricultural facility or development will be economically viable.

Prices for produce

Produce prices are subject to price fluctuations and have a direct impact on the commercial viability of the Company's agricultural facility and development. Price volatility results from a variety of factors, including global consumption and demand, international economic and political trends, fluctuations in the US dollar and other currencies, interest rates, and inflation. The Company has not hedged any of its potential future produce sales.

Foreign currency risks

The Company uses the Canadian dollar as its measurement and reporting currency, and therefore fluctuations in exchange rates between the Canadian dollar and other currencies may affect the results of operations and financial position of the Company. The Company does not currently have any foreign currency or commercial risk hedges in place.

The Company raises the majority of its equity financings in Canadian dollars while some of its operations are conducted in US dollars. Fluctuations in the exchange rates between the Canadian dollar and US dollar may impact the Company's financial condition.

5. Impairment of Intangible Assets

The Company completed an impairment analysis as at May 31, 2016 and concluded that no impairment charge was required because:

- the patents have 18 years of life remaining;
- there have been no significant changes in the legal factors or climate that affects the lives of the patents;

- the Company's continued development of its vertical farming technology using the patents; and
- the potential sales or joint researches that the Company has had thus far.

6. Material Financial and Operations Information

6(a) Selected Annual Financial Information

Selected Annual Information

	Year Ended May 31, 2016	Year Ended May 31, 2015	Year Ended May 31, 2014
Total revenues	$ 83,431	$ 285,714	$ -
Loss before investments, financing and income taxes	(1,530,141)	(4,022,595)	(8,153,562)
Loss on investments	(95,675)	(314,303)	-
Impairment of property, plant and equipment, investment, option and loans	(1,032,179)	(1,026,700)	-
Loss for the year	(2,618,710)	(5,356,262)	(8,121,543)
Loss per share	(0.03)	(0.08)	(0.22)
Total assets	1,692,570	2,985,490	2,164,849
Total long-term financial liabilities	-	-	-
Cash dividends declared – per share	N/A	N/A	N/A

6(b) Summary of Quarterly Results

The following is a summary of the Company's financial results for the last eight quarters:

	Three months ended			
	May 31, 2016	February 29, 2016	November 30, 2015	August 31, 2015
Total revenues	$ 35,079	$ 22,830	$ 25,000	$ 522
Net loss	$ (1,394,807)	$ (175,187)	$ (589,869)	$ (458,847)
Loss per share	$ (0.01)	$ -	$ (0.01)	$ (0.01)

	Three months ended			
	May 31, 2015	February 28, 2015	November 30, 2014	August 31, 2014
Total revenues	$ -	$ 190,262	$ 48,689	$ 46,763
Net loss	$ (1,800,961)	$ (809,711)	$ (1,353,648)	$ (1,391,942)
Loss per share	$ (0.03)	$ (0.01)	$ (0.02)	$ (0.02)

6(c) Review of Operations and Financial Results

For three months ended May 31, 2016 and three months ended May 31, 2015

During the three months ended May 31, 2016, the Company reported a loss of $1,394,807 ($0.01 loss per share) (2015 – $1,800,961 ($0.03 loss per share)).

Excluding the non-cash amortization of $23,160 (2015 – $31,450), share-based payment of $143,714 (2015 - $60,153), and impairment of exploration and evaluation assets of $Nil (2015 - $4), the Company's general and administrative expenses amounted to $136,740 during the three months ended May 31, 2016 (2015 – $724,010), a decrease of $587,270. The reason for the change was a result of conserving cash by decreasing the professional fees and consulting fees (2016 - $66,877; 2015 - $536,500), management fees (2016 - $8,000; 2015 - $75,000), and employee benefit expenses (2016 - $27,390; 2015 - $71,360).

For year ended May 31, 2016 and year ended May 31, 2015

During the year ended May 31, 2016, the Company reported a loss of $2,618,710 ($0.03 loss per share) (2015 – $5,356,262 ($0.08 loss per share)).

Excluding the non-cash amortization of $92,629 (2015 – $57,750), share-based payment of $457,830 (2015 - $1,467,270), and impairment of exploration and evaluation assets of $Nil (2015 - $4), the Company's general and administrative expenses amounted to $1,006,179 during the year ended May 31, 2016 (2015 – $2,783,285), a decrease of $1,777,106. The reason for the change was a result of conserving cash by decreasing the professional fees and consulting fees (2016 - $498,604; 2015 - $1,906,856), other operating expenses (2016 - $73,012; 2015 - $277,798), and management fees (2016 - $181,244; 2015 - $300,000).

6(d) Liquidity and Capital Resources

The Company continued to utilize its cash resources to fund its administrative requirements and product development. As the Company does not currently generate revenue, cash balances, unless replenished by capital fundraising, will continue to decline as funds are utilized to conduct its operations.

In order to fund the Company's ongoing operational needs, the Company will need funding through equity or debt financing, joint venture arrangements or a combination thereof. The Company's operations to date have been financed by the issuance of its common shares, share options and warrants, debt instruments and government assistance. The Company continues to seek capital through various means including the issuance of equity and debt. While the Company has been successful in raising funds in the past, there is no assurance that it will continue to do so in the future or that it will be available on a timely basis or on terms acceptable to the Company.

On September 11, 2015, the Company closed a non-brokered private placement for gross proceeds of $755,000. The securities issued composed of 15,100,000 units. Each unit is comprised of one common share and one share purchase warrant of the Company. The common share purchase warrant has a term of 12 month exercisable at $0.15. In connection with the financing, a finder's fee of $8,750 was paid to a third party as well as $10,500 to Haywood Securities Inc. The management and board of directors of Affinor participated for $215,000 in the financing.

On September 11, 2015, the Company settled a total of $126,785 of debt relating to Dr. Bruce Bedrick by issuing an aggregate of 2,535,700 common shares of Affinor at a deemed price of $0.05 per share. Dr. Bedrick's warrants were repriced at $0.10 each, with the same maturity date of October 16, 2017.

On September 30, 2015, the Company settled a total of $78,207 of debt relating to consulting fees and service fees to certain arm's length and non-arm's length parties by issuing an aggregate of 1,303,450 common shares of Affinor at a deemed price of $0.06 per share.

On October 30, 2015, the Company closed a non-brokered private placement for gross proceeds of $500,000. The securities issued composed of 8,333,333 units. Each unit is comprised of one common share and one share purchase warrant of the Company. The common share purchase warrant has a term of 2 year exercisable at $0.15. In connection with the financing, a finder's fee of $50,000 was paid and 833,333 broker warrants were issued to the third parties.

On June 15, 2016, the Company issued 10 million common shares at an agreed upon value of $0.10 per share to Vertical Designs Ltd. upon the completion of the transfer of the Patents to Affinor. The shares have a four month hold period.

On August 17, 2016, the Company completed a non-brokered private placement by issuing 2,000,000 units ("Unit") at a price of $0.05 per Unit for gross proceeds of $100,000. Each unit is comprised of one common share and one share purchase warrant of the Company. The common share purchase warrant has a term of 4 years exercisable at $0.10 per share purchase warrant. All securities have a 4-month hold period expiring on December 17, 2016.

On August 30, 2016, the Company settled $137,910 debt with its consultants by issuing 2,758,200 common shares at a price of $0.05 per share.

On May 31, 2016, the Company had a negative working capital of $303,120 (negative working capital of $625,319 as at May 31, 2015) including cash of $3,206 ($2,662 as at May 31, 2015) and had an accumulated deficit of $22,447,462 ($19,928,752 as at May 31, 2015) and had incurred a loss of $2,518,710 for the year ended May 31, 2016 (2015 - $5,356,262).

The Company's business plan is dependent on raising additional funds to finance its commercial trial and development, its pilot plant and commercialization, and its operations and the development of its Greenhouse project in Quebec, Canada within and beyond the next 12 months. While the Company has managed to fund its operations in the past through equity financing, raising additional funds is dependent on a number of factors outside the Company's control, and as such there is no guarantee that it will be able to obtain additional financing in the future. If the Company is unable to obtain sufficient additional financing, it may have to delay, scale back or eliminate its development plans for its present or future facilities and curtail operations, which could harm the business, financial condition and results of operations. This could occur in the near term. Until such financing is secured and profitable operations are

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reached, there is a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. If the going concern assumption was not appropriate for these consolidated financial statements, then adjustments, which could be material, would be necessary to the carrying value of assets and liabilities, revenues and expenses and classification in statement of financial position.

As of the date of this MD&A, the Company has commitments and contingencies as outlined in section 6(f).

6(e) Disclosure of Outstanding Share Data

The authorized share capital of the Company consists of an unlimited number of common shares without par value. As at May 31, 2016, the Company's share capital was $17,282,308 (May 31, 2015 - $16,451,212) representing 99,848,361 common shares (May 31, 2015 – 72,575,878 common shares).

As at May 31, 2016, there were 2,916,668 common shares of the Company held in escrow. 1,458,333 escrow shares will be released on November 30, 2016.

During the year ended May 31, 2016, the Company granted a total of 5,800,000 options to its directors, officers and consultants at exercise prices ranging from $0.10 to $0.20, with expiry dates between September 15, 2017 and October 1, 2020.

On September 30, 2015, Pierre Miron and Sebastien Plouffe resigned as officers and directors of the Company and as part of their compensation, their options totaling 1,300,000 were amended to expire on September 30, 2017 with an exercise price of $0.10.

Stock option transactions and the number of stock options are summarized as follows:

Expiry date	Exercise price	May 31, 2015	Granted	Exercised	Expired/ cancelled	May 31, 2016
December 30, 2015	$ 0.25	300,000	-	-	(300,000)	-
May 1, 2016	$ 0.15	50,000	-	-	(50,000)	-
September 15, 2017	$ 0.10	-	100,000	-	-	100,000
September 30, 2017	$ 0.10	1,800,000	-	-	(500,000)	1,300,000
November 20, 2017	$ 0.30	200,000	-	-	(200,000)	-
December 16, 2017	$ 0.25	100,000	-	-	-	100,000
May 10, 2018	$ 0.15	200,000	-	-	-	200,000
September 14, 2018	$ 0.10	-	800,000	-	-	800,000
November 16, 2018	$ 0.10	-	2,300,000	-	-	2,300,000
February 23, 2019	$ 0.10	-	200,000	-	-	200,000
April 1, 2019	$ 0.33	100,000	-	-	(100,000)	-
April 8, 2019	$ 0.35	300,000	-	-	(300,000)	-
April 14, 2019	$ 0.49	1,000,000	-	-	(1,000,000)	-
April 23, 2019	$ 0.33	200,000	-	-	-	200,000
April 24, 2019	$ 0.33	100,000	-	-	-	100,000
May 9, 2019	$ 0.49	250,000	-	-	-	250,000
May 27, 2019	$ 0.49	100,000	-	-	-	100,000
May 30, 2019	$ 0.80	100,000	-	-	-	100,000
June 2, 2019	$ 0.85	100,000	-	-	-	100,000
June 5, 2019	$ 1.03	100,000	-	-	-	100,000
June 19, 2019	$ 0.71	100,000	-	-	(100,000)	-
June 27, 2019	$ 0.67	200,000	-	-	-	200,000
July 4, 2019	$ 0.85	100,000	-	-	(100,000)	-
August 11, 2019	$ 0.47	300,000	-	-	-	300,000
September 22, 2019	$ 0.40	300,000	-	-	(300,000)	-
October 28, 2019	$ 0.25	200,000	-	-	-	200,000
April 2, 2020	$ 0.15	300,000	-	-	(300,000)	-
August 17, 2020	$ 0.10	-	1,000,000	-	(1,000,000)	-
August 17, 2020	$ 0.20	-	1,000,000	-	(1,000,000)	-
October 1, 2020	$ 0.10	-	400,000	-	-	400,000
Options outstanding		6,500,000	5,800,000	-	(5,250,000)	7,050,000
Options exercisable		6,500,000	5,800,000	-	(5,250,000)	7,050,000
Weighted average exercise price		$ 0.34	$ 0.12	$Nil	$ 0.27	$ 0.20

On June 8, 2016, the Company granted 200,000 options at the price of $0.10 for a period of 3 years to its new director.

The continuity of warrants for the year ended May 31, 2016 is as follows:

Expiry date	Exercise price	May 31, 2015	Issued	Exercised	Expired	May 31, 2016
September 11, 2016	$0.15	-	15,100,000	-	-	15,100,000
February 12, 2017	$0.30	700,000	-	-	-	700,000
October 16, 2017	$0.10	1,000,000	-	-	-	1,000,000
October 16, 2017	$0.32	1,000,000	-	-	-	1,000,000
October 30, 2017	$0.15	-	8,333,333	-	-	8,333,333
April 4, 2018	$0.40	635,000	-	-	-	635,000
April 7, 2018	$0.40	3,045,636	-	-	-	3,045,636
April 11, 2018	$0.40	1,080,000	-	-	-	1,080,000
April 14, 2018	$0.40	564,000	-	-	-	564,000
April 16, 2018	$0.40	178,000	-	-	-	178,000
April 22, 2018	$0.40	360,000	-	-	-	360,000
April 23, 2018	$0.40	1,620,000	-	-	-	1,620,000
Outstanding		10,182,636	23,433,333	-	-	33,615,969
Weighted average exercise price		$ 0.38	$ 0.15	$Nil	$Nil	$ 0.21

The continuity of broker's warrants for the year ended May 31, 2016 is as follows:

Expiry date	Exercise price	May 31, 2015	Issued	Exercised	Expired	May 31, 2016
April 4, 2016	$0.40	85,165	-	-	(85,165)	-
April 14, 2016	$0.40	108,000	-	-	(108,000)	-
April 16, 2016	$0.40	13,800	-	-	(13,800)	-
April 23, 2016	$0.40	8,500	-	-	(8,500)	-
October 30, 2017	$0.15	-	833,333	-	-	833,333
Outstanding		215,465	833,333	-	(215,465)	833,333
Weighted average exercise price		$ 0.40	$0.15	$Nil	$ 0.40	$ 0.15

If the remaining options, warrants, finder's options, including the warrants associated with the finder's options, were exercised, the Company's available cash would increase by $8,911,554.

As of the date of this MD&A, there were 114,606,561 common shares issued and outstanding and 158,305,863 common shares outstanding on a diluted basis.

6(f) Commitment and Contingency

On July 2, 2015, a lien of $48,519 was registered on the construction in progress in favor of 9170-3694 Québec Inc.

6(g) Off-Balance Sheet Arrangements

None.

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6(h) Transactions with Related Parties

Related party transactions were recorded at the exchange value, which is the consideration determined and agreed to by the related parties.

The Company's related parties include directors, key management and companies controlled by directors and key management, as described below:

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

For the year ended May 31, 2016

	Short-term employee benefits	Social security cost	Other long-term benefits	Termination benefits	Share-based payments	Total
Jarrett Malnarick Chief Executive Officer [a]	$ 102,000	$ 3,776	$ Nil	$ Nil	$ 38,440	$ 144,216
Mark T. Brown Chief Financial Officer [b]	$ Nil	$ Nil	$ Nil	$ Nil	$ 15,970	$ 15,970
Hyder Ali Khoja Chief Scientific Officer	$ 33,333	$ 2,470	$ Nil	$ Nil	$ Nil	$ 35,803
Pierre Miron Former Chief Financial Officer [c]	$ 27,931	$ 2,761	$ Nil	$ 15,000	$ Nil	$ 45,692

For the year ended May 31, 2015

	Short-term employee benefits	Social security cost	Other long-term benefits	Termination benefits	Share-based payments	Total
Jarrett Malnarick Chief Operating Officer [a]	$ 88,561	$ 6,570	$ Nil	$ Nil	$ 118,984	$ 214,115
Hyder Ali Khoja Chief Scientific Officer	$ 5,729	$ 420	$ Nil	$ Nil	$ 49,981	$ 56,130
Pierre Miron Former Chief Financial Officer [c]	$ 52,694	$ 5,511	$ Nil	$ Nil	$ 37,500	$ 95,705

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Related party liabilities

		Years ended		Balance due	
	Services	May 31, 2016	May 31, 2015	As at May 31, 2016	As at May 31, 2015
Amounts due to:					
Jarrett Malnarick Chief Executive Officer (a)	Salaries and share-based payment	$ 144,216	$ 214,115	$ -	$ 13,695
Mark T. Brown Chief Financial Officer (b)	Share-based payment	$ 15,970	$ -	$ -	$ -
Hyder Ali Khoja Chief Scientific Officer	Salaries	$ 35,803	$ 56,130	$ -	$ 6,149
Pierre Miron Former Chief Financial Officer (c)	Salaries and share-based payment	$ 45,692	$ 95,705	$ -	$ 15,761
Pacific Opportunity Capital Ltd. (b)	Management and accounting services	$ 64,000	$ -	$ 7,875	$ -
Aboriginal Import Export (d)	Management fees	$ 90,000	$ 150,000	$ 8,400	$ 32,812
SEDIAMEK Inc. (e)	Management fees	$ 91,244	$ 150,000	$ -	$ 6,978
SKTM Financial Corporation Ltd. (f)	Accounting services	$ -	$ 45,765	$ -	$ -
Fast Creative Inc. (g)	Consulting fees	$ -	$ 50,000	$ 1,008	$ 13,400
Integra Construction Ltd. (h)	Consulting fees	$ -	$ 86,664	$ -	$ 11,375
TOTAL:				$ 17,283	$ 100,170

(a) Jarrett Malnarick was appointed as the Chief Executive Officer and resigned from being the Chief Operating Officer effective October 1, 2015.
(b) Mark T. Brown was appointed as the Chief Financial Officer effective October 1, 2015. Mr. Brown is the president of Pacific Opportunity Capital Ltd., a private company.
(c) Pierre Miron was appointed as the Chief Financial Officer effective December 2, 2014 and resigned on September 30, 2015.
(d) Aboriginal Import Export, a company controlled by a director of the Company who subsequent to the year-end resigned from the Board of the Company on June 4, 2016.
(e) SEDIAMEK Inc., a company controlled by a former officer of the Company.
(f) SKTM Financial Corporation Ltd., a company controlled by a former officer of the Company.
(g) Fast Creative Inc., a company controlled by a former director of the Company.
(h) Integra Construction Ltd., a company controlled by a former director of the Company.

6(i) Financial Instruments

The fair values of the Company's cash, other receivables, investments - available for sale, accounts payables and accrued liabilities, and due to related parties approximate their carrying values because of the short-term nature of these instruments.

The Company's financial instruments are exposed to certain financial risks, including market risk, liquidity risk, credit risk and currency risk.

(i) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, such as foreign exchange rates and interest rates. The objectives of the Company are to ensure cash inflows in the short and medium term, while reducing exposure to capital markets. The Company is exposed to market risk from its investments - available for sale. The Company does not trade in financial assets for speculative purposes.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets.

The Company manages its liquidity risk by using budgets that enable it to determine the amounts required to fund its obligations. The Company also issued shares and share instruments as consideration for investments, compensation and services.

As at May 31, 2016 and 2015, all of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

As at May 31, 2016, the Company presents a negative working capital of $303,120. The ability of the Company to continue its activities relies upon the support of its suppliers and obtaining additional financing.

(iii) Credit risk

Credit risk results from the possibility that a loss may occur from the failure of another party to perform according to the terms of the contract. Cash is held with a Canadian chartered bank which reduces the risks. The Company's credit risk relates to cash balances and other receivables.

(iv) Currency risk

The Company is exposed to currency risk arising from exchange rate fluctuations against its reporting Canadian currency. Currency transaction risk is the impact of exchange rate fluctuations on the Company's Statement of Comprehensive Loss, which is the effect of currency rates on expected future cash flows and investments. The principal foreign exchange transaction exposure comprises both the geographical location of the Company's sales of licence in the USA and the sourcing of raw material, labour and overhead office being in Canadian dollar.

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy as at May 31, 2016 and May 31, 2015.

As at May 31, 2016	Level 1	Level 2	Level 3	Total
Assets:				
Cash	$ 3,206	$ -	$ -	$ 3,206
Investments available for sale	12,000	-	-	12,000
	$ 15,206	$ -	$ -	$ 15,206

As at May 31, 2015	Level 1	Level 2	Level 3	Total
Assets:				
Cash	$ 2,662	$ -	$ -	$ 2,662
Investments available for sale	148,750	-	-	148,750
	$ 151,412	$ -	$ -	$ 151,412

6(j) Management of Capital Risk

The Company manages its cash and cash equivalents and shareholders' equity as capital (in the comparative year the Company managed shareholders' equity as capital). The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. This objective will be achieved by identifying the right agriculture projects, adding value to these projects and ultimately taking them through to production or sale and cash flow, either with partners or by the Company's own means.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets or adjust the amount of cash and cash equivalents held.

In order to maximize ongoing operating efforts, the Company does not pay out dividends. The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with maturities of 90 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

When financing conditions are not optimal, the Company may enter into option agreements or other solutions to continue its activities or may slow its activities until conditions improve. The Company is not subject to external capital requirements. There were no changes in the Company's approach to capital management during the period.

7. Subsequent Events

None other than disclosed already in other sections.

8. Policies and Controls

8(a) Significant Accounting Policies and Estimates

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and further periods if the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the consolidated statement of financial position 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:

Critical judgments

- Going Concern - Evaluation of the ability of the Company to realize its strategy for funding its future needs for working capital involves making judgments.

- Share-based payments and warrants - The estimation of share-based payments and warrants cost requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Company has made estimates of the volatility of its own shares based on volatility of comparable companies due to the recent significant changes in its business, and the expected life of options granted and the time of exercise of those options. The model used by the Company is the Black-Scholes valuation model.

- Fair value and useful life of intangible - The value of the intangible were determined based on the fair value of the considerations exchanged, which was based on the market price of the shares issued at the dates of issuance. Management judgementally used the maximum legal life of the patent as the useful life of the intangible for purposes of amortization.

8(b) Future Accounting Pronouncements

Certain new accounting standards and interpretations have been published that are not mandatory for the May 31, 2016 reporting period. The Company has not early adopted the following new and revised standards, amendments and interpretations that have been issue but are not yet effective:

- IFRS 9 (Amended 2010) Financial Instruments (effective January 1, 2018)
- IFRS 15 Revenue from Contracts with Customer (effective January 1, 2018)

The Company anticipates that the application of the above new and revised standards, amendments and interpretations will have no material impact on its results and financial position.

8(c) Changes in Internal Controls over Financial Reporting ("ICFR")

Changes in Internal Control Over Financial Reporting ("ICFR")

In connection with National Instrument 52-109, Certification of Disclosure in Issuer's Annual and Interim Filings ("NI 52-109") adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis. The Venture Issue Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI52-109.

Disclosure Controls and Procedures

The Company's CEO and CFO are responsible for establishing and maintaining the Company's disclosure controls and procedures. Management, including the CEO and CFO, have evaluated the procedures of the Company and have concluded that they provide reasonable assurance that material information is gathered and reported to senior management in a manner appropriate to ensure that material information required to be disclosed in reports filed or submitted by the Company is recorded, processed, summarized and reported within the appropriate time periods.

While management believes that the Company's disclosure controls and procedures provide reasonable assurance, they do not expect that the controls and procedures can prevent all errors, mistakes, or fraud. A control system, no matter how well conceived or operated, can only provide reasonable, not absolute, assurance that the objectives of the control system are met.

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9. Information on the Board of Directors and Management

Directors:
Brian Whitlock
Alan Boyco
David Mack
Rick Easthom

Audit Committee members:
Alan Boyco
Brian Whitlock
David Mack

Management:
Jarrett Malnarick – Interim Chief Executive Officer
Mark T. Brown, CPA, CA – Chief Financial Officer