AFFINOR GROWERS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS
FOR THE SIX MONTHS ENDED NOVEMBER 30, 2016

OVERVIEW AND INTRODUCTORY COMMENT

Affinor Growers Inc. ("Affinor" or 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 is focusing on acquiring, patenting and commercializing vertical farming technology, as well as, developing proprietary crop models for growing problematic and in demand crops 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.

This MD&A is dated January 16, 2017 and discloses specified information up to that date. Unless otherwise noted, all currency amounts are expressed in Canadian dollars. The following information should be read in conjunction with the unaudited condensed consolidated interim financial statements and the related notes for the six months ended November 30, 2016 and the Company's audited consolidated financial statements for the year ended May 31, 2016 and the related notes thereto.

Additional information relevant to the Company and the Company's activities can be found on SEDAR www.sedar.com, and/or the Company's website at www.affinorgrowers.com.

MAJOR INTERIM PERIOD OPERATING MILESTONES

License Holders

British Columbia:
On October 31, 2016, the Company updated that the private non-exclusive license holder, Vertical Designs Ltd., as announced April 27 2016, received a permit to build a vertical farm from the City of Abbotsford. This license agreement was amended so that Affinor gets 10% ownership of the licensee company for the $100,000 license fee. This allows the partner to move ahead with construction faster and gives Affinor a share of the profits from this farm that is close to Affinor's Vancouver base.

On December 20, 2016, the Company further updated that Vertical Designs Ltd purchased 10 acres of agriculture land, received permits to build from the city, broke ground in December 2016 and recently signed an agreement with Discovery Organics to purchase and distribute all strawberries produced by the facility. Vertical Designs Ltd. is planning to increase the total amount of towers to 36 in the initial build out, increasing Affinor's revenue on equipment sales and royalties. An additional 60,000 square feet of greenhouse over several phases is also being planned to ramp up production when needed to meet local demand roughly, adding another 200 towers when complete. Affinor, being a 10% shareholder of Vertical Designs BC Ltd., will benefit from profits, equipment sales, royalties and have a showcase facility available to sell additional license agreements.

Tennessee:
On October 31, 2016, the Company updated that holder of the non-exclusive license issued in Tennessee, as announced May 25, 2016, received a letter from the City of Portland's Mayor supporting a new facility with Affinor Growers vertical farming technology. They planned to start construction in early 2017.

On December 20, 2016, the Company further updated that the license holder closed on a property to build a greenhouse vertical farming facility. Affinor is working closely with them on planning, design and concepts to help with the next stage of permitting.

Alberta:
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.

Beta Prototype Testing

On November 23, 2016, the Company announced that the small, 4 level, 8 arm prototype at the University of the Fraser Valley in Surrey BC, produced over 130 pounds of strawberries over three and half months in an area of only 100 square feet. This production of strawberries met Affinor’s initial objectives and Affinor plans to double production again, in the same footprint area, by installing a second tower with 4 levels but increasing to 16 arms.

Affinor also sent a sample of strawberries to an independent accredited laboratory for pesticide and heavy metal analysis. For comparative purposes, a second sample from a popular strawberry name brand was purchased from a local retail grocery store for benchmark analysis. The strawberries were screened for over 300 pesticides and 4 heavy metals. Affinor's sample tested negative for all pesticides with no trace amounts of heavy metals. The strawberries purchased from the local grocery store tested positive for 4 pesticides and contained trace levels of one heavy metal.

On December 5, 2016, the Company announced that it has installed the second vertical growing tower with the University of the Fraser Valley in Surrey BC. The tower will be planted with strawberries in January 2017 and holds 265 plants in a little over 100 square feet. The new equipment will double the production of the first tower installed last April 2016 and more than triples the production per square meter when compared to the traditional soil beds within the same greenhouse. The nature of the install is to continue to grow and confirm yields and viability of the technology with commercial plant density conditions.

THC BioMed Prototype

On December 20, 2016, the Company announced the equipment to grow and trial cannabis with THC BioMed located in Kelowna BC has been fabricated, finished and ready to be shipped. THC BioMed has requested to delay the shipment until January 2017 in order to complete various ongoing projects. The agreement between the companies, as outlined in Affinor’s news release dated April 4 2016, is in good standing and they remain excited to use the technology in early 2017.

St-Chrysostome Greenhouse Facility Quebec

On December 20, 2016, the Company announced that it sold the St-Chrysostome greenhouse facility in Quebec in December 2016. Proceeds are used to help further the Company development and general administration.

INTERIM PERIOD FINANCIAL CONDITION

Capital Resources

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 a total of $137,910 debt with its consultants by issuing an aggregate of 2,758,200 common shares of the Company at a deemed price of $0.05 per share.

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.

During the six months ended November 30, 2016, the Company granted a total of 7,150,000 options to its directors, officers and consultants at prices ranging from $0.10 to $0.17 for a period of 3 years, expiring from June 8, 2019 to November 22, 2019.

During the six months ended November 30, 2016, the Company issued common shares pursuant to the exercise of 5,400,000 stock options for cash proceeds of $555,000, the exercise of 1,000,000 warrants for cash proceeds of $150,000 and the exercise of broker's warrants of 100,000 for cash proceeds of $15,000.

The Company's business plan is dependent on raising additional funds to finance its commercial trial and development and its pilot plant and commercialization 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 reached, there is a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Liquidity

On November 30, 2016, the Company had a working capital of $313,793 (negative working capital of $303,120 as at May 31, 2016) including cash of $517,196 ($3,206 as at May 31, 2016) and had an accumulated deficit of $23,999,546 ($22,547,462 as at May 31, 2016) and had incurred a loss of $1,452,084 for the six months ended November 30, 2016 ($1,048,716 for the six months ended November 30, 2015).

Operations

For three months ended November 30, 2016 and three months ended November 30, 2015

During the three months ended November 30, 2016, the Company reported a loss of $1,179,815 ($0.01 loss per share) (2015 – $589,869 ($0.01 loss per share)).

Excluding the non-cash amortization of $35,348 (2015 – $23,295) and share-based payment of $973,405 (2015 - $138,762), the Company's general and administrative expenses amounted to $127,972 during the three months ended November 30, 2016 (2015 – $448,463), a decrease of $320,491. The reason for the change was a result of conserving cash by decreasing employee benefit expenses (2016 - $25,561; 2015 - $55,519), professional fees and consulting fees (2016 - $86,698; 2015 - $286,543) and management fees (2016 - $Nil; 2015 - $74,244).

For six months ended November 30, 2016 and six months ended November 30, 2015

During the six months ended November 30, 2016, the Company reported a loss of $1,452,084 ($0.01 loss per share) (2015 – $1,048,716 ($0.01 loss per share)).

Excluding the non-cash amortization of $68,382 (2015 – $46,310) and share-based payment of $982,205 (2015 - $303,736), the Company's general and administrative expenses amounted to $323,613 during the six months ended November 30, 2016 (2015 – $709,259), a decrease of $385,646. The reason for the change was a result of conserving cash by decreasing employee benefit expenses (2016 - $46,941; 2015 - $133,120), professional fees and consulting fees (2016 - $248,063; 2015 - $355,110), and management fees (2016 - $Nil; 2015 - $149,244). The decrease of management fees was due to the fees paid to a former director being classified as professional fees and consulting fees in 2016.

SIGNIFICANT RELATED PARTY TRANSACTIONS

During the quarter, there was no significant transaction between related parties.

AFFINOR GROWERS

COMMITMENTS, EXPECTED OR UNEXPECTED, OR UNCERTAINTIES

Other than disclosed in this MD&A – Quarterly Highlights, the Company does not have any commitments, expected or unexpected, or uncertainties.

RISK FACTORS

In our MD&A filed on SEDAR September 23, 2016 in connection with our annual financial statements (the "Annual MD&A"), we have set out our discussion of the risk factors *Exploration risks, Market risks* and *Financing risk* which we believe are the most significant risks faced by Affinor. An adverse development in any one risk factor or any combination of risk factors could result in material adverse outcomes to the Company's undertakings and to the interests of stakeholders in the Company including its investors. Readers are cautioned to take into account the risk factors to which the Company and its operations are exposed. To the date of this document, there have been no significant changes to the risk factors set out in our Annual MD&A.

DISCLOSURE OF OUTSTANDING SHARE DATA

The authorized share capital of the Company consists of an unlimited number of common shares without par value. The following is a summary of the Company's outstanding share data as at November 30, 2016 and MD&A date:

	Issued and Outstanding November-30-16	January-16-17
Common shares outstanding	121,106,561	121,106,561
Stock options	8,800,000	8,800,000
Warrants	34,615,969	34,615,969
Broker's warrants	733,333	733,333
Fully diluted common shares outstanding	165,255,863	165,255,863

Cautionary Statements

This document contains "forward-looking statements" within the meaning of applicable Canadian securities regulations. All statements other than statements of historical fact herein, including, without limitation, statements regarding exploration results and plans, and our other future plans and objectives, are forward-looking statements that involve various risks and uncertainties. Such forward-looking statements include, without limitation, our estimates of exploration investment, the scope of our exploration programs, and our expectations of ongoing administrative costs. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company's documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies we are bound. Forward-looking statements are based on the estimates and opinions of management on the date the statements are made, and we do not undertake any obligation to update forward-looking statements should conditions or our estimates or opinions change, except as required by law. Forward-looking statements are subject to risks, uncertainties and other factors, including risks associated with mineral exploration, price volatility in the mineral commodities we seek, and operational and political risks. Readers are cautioned not to place undue reliance on forward-looking statements.