AFFINOR GROWERS

AFFINOR GROWERS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS
FOR THE SIX MONTHS ENDED NOVEMBER 30, 2017

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 developing vertically integrated farming technology and growing problematic demand crops on mass produce, high quality, and product 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 3, 2018 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, 2017 and the Company's audited consolidated financial statements for the year ended May 31, 2017 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

On November 1, 2017, the Company announced that summer the strawberry growing season resulted in a banner year for yields under organic production systems and increased water conservation.

Strawberry UFV Test Site Results to date

Affinor announced that the strawberry summer growing trials are now complete. Two 4 level beta prototype towers were installed at the University of the Fraser Valley ("UFV") BioPod Surrey BC location in the agriculture research greenhouse. One tower holds 128 strawberry plants and the other 256 within a 100 square feet. Immediate objectives included developing an organic proprietary crop management system, exceed field farming yields and determine best practices to help catalyze commercial scale up. We are pleased to announce Affinor met our objectives by exceeding standard field production output using all organic inputs and a developed organic crop managing system.

256 plants would require approximately 450 square feet when planted in traditional field crops where our tower only required a quarter of the space exceeding yields per square foot dramatically. As well, direct irrigation control consumed one tenth the amount of water when compared to field sprinkler production. The small 4 level 16 arm tower produced over 200 lbs. of salable product in the short three month trial window. All protocol and developed methods will be used to help catalyze commercial development with several current license holders.

Affinor's next objective is to produce strawberries throughout the winter with customized LED supplemental lighting for fruiting crops and diversify the crop trials with kale and other leafy greens. Efforts are being made to start the next phase of winter testing by year end which is a key period when strawberry and produce prices are at their highest during the year.

On November 7, 2017, the Company provided an update of the Company's accomplishments over the last several months, and Affinor's plans for the current year.

Affinor continues to focus on strawberry development, but will also begin testing other crops including kale, leafy greens and cannabis. Affinor will continue to grow and harvest strawberries, kale and leafy greens with our beta prototypes installed at the University of Fraser Valley throughout the winter and spring 2018, as well as conduct cannabis trials at a separate third party licensed facility. The focus will continue on standardizing crop models and determining best practices for commercialization.

Affinor's goal over the next year is to shift from a development to an operational company by generating revenue from vertical tower sales, license agreements and introducing new agriculture technologies. Affinor has numerous license agreements under negotiations with international and local companies as well as several current license holders under construction with equipment orders pending.

Commercial Farm in Abbotsford

Affinor expects to commission 32 towers with our license holder in Abbotsford British Columbia. These towers are capable of growing over 21,000 strawberry plants in a 10,000 square foot facility, compared to over 40,000 square feet required in field growing. The project is expected to be complete in the spring of 2018 for the next growing season. The facility will be one of the first license holders to commercially produce products using Affinor technology. Construction continues and all the construction permits have been granted, the foundation has been poured, frames holding the towers have been designed and ordered, and all greenhouse metal frames, trust and supports, have been erected and installed. The final component, the translucent polycarbonate cover to enclose and complete the greenhouse, will be installed over the next several months.

Affinor and Cannabis Production

Affinor will continuing allow third parties to test cannabis on its growing technology, furthering yields and output by developing new crop models for short, high producing cannabis plants specific to the needs of the vertical towers, at licensed sites. A second trial using our smaller 4 level 16 arm tower will begin in November 2017. This test will be used to showcase the technology for personal use growers and to prove to commercial growers the larger scale viability. The Company is still negotiating with cannabis growers throughout North America to help facilitate a larger pilot plant cannabis growth trial.

The test previously planned with THC BioMed to use the growing technology for their cultivation is not proceeding at this time as they feel they cannot contribute any more to our testing than we are currently conducting. Once complete, they might be interested in proceeding with a multi-tower pilot trial.

Affinor's option to purchase an LP application located in British Columbia is still under review as the applicants have not received their license to cultivate. Affinor continues to help and support the applicant throughout the process, as well as, review other late stage applications.

License Agreements and Sales

Affinor continues to negotiate several license agreements with various companies to use our technology based on our beta prototype concepts and preliminary production results. Each license agreement has the potential to generate significant equipment sales, long term royalties, ownership options and joint venture partnerships.

On December 6, 2017, the Company announced that several design improvements have resulted in a 30% reduction in overall cost and optimized growing conditions.

30% Tower Cost Reduction

Over the summer and during various grow-trial testing periods, Affinor took the opportunity to redesign certain aspects of the tower technology with the goal to reduce overall cost by 20%, improve plant resource availability and versatility. New ideas were conceived and prototyped with our supplier located in Port Coquitlam. By reducing the amount of parts and simplifying various fabrications, the overall financial objective was exceeded with a total cost saving of 30% per tower.

The towers have an estimated useful life of 20 years so a 30% reduction allows farmers to amortize the reduced cost at a lower rate and reap more financial benefits from the optimized growing conditions.

Organic Certification Potential

In parallel, the new design improvements upgrade the tower to allow growers to be certified as compliant for organic certification under current Canadian regulations pertaining to the amount of volume and depth of organic soil required per plant as well as improved light penetration by introducing a new tiered level approach. Improved versatility was achieved by designing a universal growing arm that now fits custom plastic inserts to maximize density during the plant growing cycle and accommodate different types of plants.

INTERIM PERIOD FINANCIAL CONDITION

Capital Resources

During the six months ended November 30, 2017, the Company issued common shares pursuant to the exercise of 200,000 stock options for cash proceeds of $22,000.

Subsequent to November 30, 2017, 2,300,000 stock options were exercised for cash proceeds of $314,500 and 300,000 warrants were exercised for cash proceeds of $45,000. On December 20, 2017, the Company also granted 500,000 options to a consultant at $0.165 expiring on December 20, 2020.

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, 2017, the Company had a working capital of $310,639 ($513,014 as at May 31, 2017) including cash of $303,228 ($521,618 as at May 31, 2017) and had an accumulated deficit of $24,558,869 ($24,264,580 as at May 31, 2017) and had incurred a loss of $294,289 for the six months ended November 30, 2017 ($1,452,084 for the six months ended November 30, 2016).

Operations

For three months ended November 30, 2017 and three months ended November 30, 2016

During the three months ended November 30, 2017, the Company reported a loss of $147,672 ($0.00 loss per share) (2016 – $1,179,185 ($0.01 loss per share)).

During the three months ended November 30, 2017, the Company reported revenue of $Nil (2016 - $15,000) and production and development costs of $37,297 (2016 - $99,893).

Excluding the non-cash amortization of $312 (2016 – $703) and share-based payment of $Nil (2016 - $973,405), the Company's general and administrative expenses amounted to $111,331 during the three months ended November 30, 2017 (2016 – $121,999), a decrease of $10,668. The reason for the change was a result of conserving cash by decreasing registration and information to shareholders (2017 - $11,568; 2016 - $17,662).

For six months ended November 30, 2017 and six months ended November 30, 2016

During the six months ended November 30, 2017, the Company reported a loss of $294,289 ($0.00 loss per share) (2016 – $1,452,084 ($0.01 loss per share)).

During the six months ended November 30, 2017, the Company reported revenue of $Nil (2016 - $15,000) and production and development costs of $76,428 (2016 - $135,239).

Excluding the non-cash amortization of $624 (2016 – $1,406) and share-based payment of $Nil (2016 - $982,205), the Company's general and administrative expenses amounted to $219,761 during the six months ended November 30, 2017 (2016 – $317,640), a decrease of $97,879. The reason for the change was a result of conserving cash by decreasing professional fees and consulting fee (2017 - $131,768; 2016 - $242,090).

SIGNIFICANT RELATED PARTY TRANSACTIONS

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

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 26, 2017 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, 2017 and MD&A date:

	Issued and Outstanding	
	November-30-17	January-03-18
Common shares outstanding	121,806,561	124,406,561
Stock options	8,950,000	7,050,000
Warrants	24,082,636	23,782,636
Fully diluted common shares outstanding	154,839,197	155,239,197

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.