LINEAGE GROW
COMPANY LTD.

(formerly Lakeside Minerals Inc.)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED OCTOBER 31, 2017

December 28, 2017

The following Management's Discussion and Analysis ("MD&A") is current to December 28, 2017, and constitutes management's assessment of the factors that affected the Company's financial and operating performance of Lineage Grow Company Ltd. ("Lineage", the "Corporation" or the "Company") for the three and nine months ended October 31, 2017. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements and related notes for the three and nine months ended October 31, 2017, as well as the audited consolidated financial statements of the Company for the year ended January 31, 2017 ("Fiscal 2017"). The Company's unaudited condensed interim consolidated financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. All figures are in Canadian dollars unless stated otherwise.

This MD&A includes, but is not limited to, forward-looking statements regarding: the success in the Company's operations in establishing state-of-the-art cultivation facilities to develop its premium quality craft cannabis business in the states of Nevada and Colorado in the United States (the "US"); the potential of the Company's mineral properties to contain economic precious and base metal deposits; the Company's ability to meet its working capital needs for the twelve months period ending October 31, 2018; the plans, costs, timing and capital for future exploration and development of the Company's property interest in Quebec, including the cost and potential impact in complying with existing and proposed laws and regulations. Accordingly, actual results could differ materially from those expressed or implied in the forward-looking statements.

Description of Business

Lineage was a Canadian-based company engaged in the acquisition, exploration and development of mineral resource properties in Canada. On July 25, 2017, the Company through an Article of Amendment, changed its name to Lineage Grow Company Ltd. to reflect the change of business to focus in the cannabis industry in the US. Lineage is focused on establishing, either directly or through joint venture with licensed producers, state-of-the-art cultivation facilities and a view towards developing a brand of premium quality craft cannabis. The Company is seeking to deploy advanced cultivation techniques and best-of-breed genetics to develop brands of craft cannabis known for emphasizing the unique flavors, smells, and potencies of each individual strain. By leveraging cutting edge agricultural and technological solutions, Lineage intends to optimize the variable costs associated with cannabis cultivation and produce craft cannabis at a commercially viable industrial scale. The Company also continued to hold mining claims on its properties in Quebec has not yet determined whether there are economically viable reserves on its properties.

As at December 28, 2017, members of the Company's management team and Board of Directors consisted of:

David Drutz	Chief Executive Officer and Director
Keith Li	Chief Financial Officer
Adam Szweras	Secretary
David Posner	Director
Aurelio Useche	Director
Hamish Sutherland	Director
Robert Schwartz	Director
Peter Bilodeau	Director

Recent Developments

On February 17, 2017, Yannis Banks resigned as a director of the Company.

On February 22, 2017, the Company entered into a Letter of Intent ("LOI") with Nutritional High International Inc. ("NHII"), whereby the Company will build medical and adult use cannabis cultivation facilities in the states of Nevada and Colorado in accordance with applicable state law.

On March 10, 2017, Collins Barrow Toronto LLP resigned as the auditors for the Company, and the Company approved the appointment of UHY McGovern Hurley LLP as auditors.

On April 19, 2017, the Company announced it has submitted an application to the TSX Venture Exchange to voluntarily de-list all of its shares as it proceeds with its new business strategy of changing its business to the cannabis industry.

On April 24, 2017, Peter Bilodeau resigned as the Company's Chief Executive Officer ("CEO") and was replaced by David Drutz.

On May 12, 2017, the Company completed a brokered private placement of convertible debenture by issuing of 2,500 units for gross proceeds of $2,500,000 (see Financing Developments for details).

On July 21, 2017, the Company formed three new subsidiaries: LGC Holdings USA Inc., LGC Real Estate Holdings LLC, and LGC Agricultural Operations Inc. in Nevada.

On July 25, 2017, the Company changed its name to Lineage Grow Company Ltd. to reflect its change of business into the cannabis industry.

On August 14, 2017, the Company formed one more subsidiary: LGC Real Estate (Colorado) LLC in Nevada, in addition to the three subsidiaries incorporated on July 21, 2017.

On December 11, 2017, Keith Li was appointed as the Company's Chief Financial Officer ("CFO"), replacing Amy Stephenson.

On December 21, 2017, the Company announced it has entered into LOIs with respect to an asset acquisition and a strategic partnership (see Proposed Transactions for details).

On December 21, 2017, the Company also announced that it is currently in the process of negotiating with NHII to amend the LOI entered on February 22, 2017 as amended on June 29, 2017, pending new developments of the Colorado JV (see Proposed Transactions for details).

Financing Developments

On May 12, 2017, the Company closed a brokered private placement offering of convertible debentures (the "Offering") of up to 2,500 units (the "Units") for gross proceeds of $2,500,000. The Offering is in accordance with the proposed transaction with NHII regarding the building of cannabis cultivation facilities in Nevada and Colorado. The issue price of each Unit was $1,000 and consisted of (i) $1,000 principal amount of 12.0% convertible secured redeemable debentures; and (ii) 4,000 warrants, exercisable into common shares in the capital of the Company at a price of $0.325 for a period of 24 months. The debentures rank pari passu and mature 24 months from the closing date, and are convertible at the option of the holder at any time prior to the maturity date into common shares of the Company at a conversion price of $0.25 per share. The debentures bear interest at a rate of 12.0% per annum, payable semi-annually in advance, with the first interest payment due at the closing of the Offering and paid in common shares of the Company at an issue price of $0.25 per common share.

The conversion price of the debentures is subject to the following adjustments:

- If the Company completes an equity financing, within eight months of the date of the Offering, at a price less than $0.30 per common share (the "Equity Financing Price"), the conversion price shall be adjusted, subject to compliance with applicable stock exchange and securities regulatory requirements, to a price equal to a 20% discount to the Equity Financing Price; and

- If the Company completes an equity financing, at any time that the debentures remains outstanding, at an Equity Financing Price of less than $0.25 per common share, the conversion price shall be adjusted, subject to compliance with applicable stock exchange and securities regulatory requirements, to an amount equal to such Equity Financing Price.

The warrant exercise price is subject to the following adjustment:

- If the Company issues warrants, at any time that the debentures remain outstanding, with an exercise price of less than $0.325 (the "Equity Financing Warrant Price"), the warrant exercise price shall be adjusted, subject to compliance with applicable stock exchange and securities regulatory requirements, to an amount equal to such Equity Financing Warrant Price.

As at the date of this MD&A, most of the proceeds are held in escrow pending completion of the proposed transaction with NHII.

On October 31, 2017, the Company announced that it has received conditional approval to list its common shares on the Canadian Securities Exchange (the "CSE") subject to the completion of the Concurrent Financing and customary listing requirements of the CSE, including receipt of all required documentation. Closing of the Concurrent Financing is for a maximum of 16,000,000 Units and a minimum of 3,000,000 Units to raise gross proceeds in the range of $750,000 to $4,000,000. Each Unit will have an issue price of $0.25 and consist of one

(1) Common Share and one-half (1/2) of one common share purchase warrant ("Warrant"). Each whole Warrant will entitle the holder to purchase one Common Share at a price of $0.325 per Common Share until the date which is twenty-four (24) months following the closing date of the Offering, whereupon the Warrants will expire.

On November 2, 2017, the Company extended the maturity date of the SIDEX Debentures to March 16, 2019. The conversion price was also amended to equal to $0.20 per share.

On November 10, 2017, the Company announced a term extension of the share purchase warrants previously issued pursuant to private placements on November 16, 2016 and December 9, 2016, as well as a debt settlement on December 12, 2016. If the warrants are not exercised by their original expiry date, the expiry date of these warrants will be extended for a further 12-month period, to November 16, 2018, December 9, 2018 and December 12, 2018, respectively. This extension is subject to an 8-month legend for resale of the shares beginning on the original expiry date.

On November 21, 2017, 600,000 common shares were issued as a result of the exercise of warrants previously issued on November 16, 2016, for proceeds of $60,000. The warrants were exercised at a weighted average exercise price of $0.10 per warrant. All issued shares are fully paid.

On December 21, 2017, the Company announced that it will be delaying its listing on the CSE until the necessary disclosures have been made with respect to the Washington Agreement and the delay in the Colorado JV (see Proposed Transactions for details). As such, the Company will be amending the terms of the Concurrent Financing such that subscribers who waive final listing approval from the CSE as a closing condition will be entitled to receive one full Warrant, instead of one-half (1/2) of one Warrant.

Exploration Highlights

Lineage, through Lakeside Minerals Corp. ("Lakeside"), a wholly-owned subsidiary of the Company, holds mineral properties in the mining jurisdiction of Quebec.

As at October 31, 2017 and the date of this MD&A, Lineage holds one main property, the Launay Property, for which the Company incurred exploration and evaluation expenditures of $18,826 during the nine months ended October 31, 2017 (2016 – $nil).

Launay Property

The Launay Property is located northeast of Rouyn-Noranda, in the Launay, Privat, and Manneville Townships, in northwestern Quebec. Through staking, option and purchase agreements, the Company consolidated a land package over the prospective Macamic deformation zone, a major deformation zone in the Abitibi subprovince.

As of the date of this MD&A, the Launay Property is comprised of 63 non-contiguous claims with the following ownership and subjected royalties:

- 21 claims are under option agreement to the Company to acquire a 100% interest from Jean Robert et. al, subject to property payment, work commitments and subject to a 2% net smelter returns royalty ("NSR") with buyback of 1% NSR for $1,000,000.

- 15 claims were acquired from Melkior Resources Inc. ("Melkior") through issuance of shares. All 15 of these claims are subject to an underlying 2% NSR payable to Roby with buyback of 1% NSR for $1,000,000; the other 6 claims that were part of the original agreement with Melkior and were subjected to a 1% NSR payable to Lavoie with total buyback for $500,000 were allowed to lapse on their expiry date of March 25, 2017.

- 11 claims were acquired from Jack Stoch Geoconsultant Services Ltd. through issuance of shares and are subjected to a 2% Gross Metal Royalty ("GMR"). The Company has the option of first refusal to buy back a 1% GMR. All these claims are 100% held by the Company.

- 3 claims were acquired from 9219-8845 Québec Inc. (Canadian Mining House) through issuance of shares and are subjected to a 2% NSR with a buyback of 1% NSR for $1,000,000. All these claims are 100% by the Company.

- The remaining 13 claims were staked by Lakeside and are 100% held by the Company.

The Launay Property claims cover a 17-km long trend of gold occurrences associated with the Macamic Deformation Zone ("MDZ") and associated subsidiary faults. Mineralization style is typical of a shear zone-related Archean lode-gold occurrences. Several of the occurrences display historical high grade gold drill intersections, trench, and grab results.

The Trojan block, located in the northwest portion of the Property, is the area where the majority of past exploration has been conducted. Of the initial 29 drill holes drilled in 1945, visible gold was reported in 13 holes with historical drilling cutting several narrow and metre-length high grade gold intersections including 235.20 g/t Au over 0.15 m, 47.66 g/t Au over 0.09 m, and 40.80 g/t Au over 0.18 m.

In the summer and fall of 2012, the Company conducted an exploration program on the Trojan block consisting of line cutting, geological mapping, a humus geochemical survey, and ground magnetic, VLF-EM, and induced polarization/resistivity surveys. A follow-up diamond drill program consisting of thirteen holes totaling 3,981 m was completed to test the Trojan zone, a series of northwest-trending, steeply southwest-dipping to subvertical auriferous zones associated with the MDZ. Gold assay results from the first seven drill holes, LKTR-001 to LKTR-007were published in the Company press release dated October 17, 2012 (http://www.lakesideminerals.com/pdfs/20130115-Lakeside-Minerals-Announces-Launay-Property-Drill-Results.pdf). Results from the last six holes from this drill program are pending.

In 2013 and the first half of 2014, the Company primarily focused on interpreting the results of its 2012 program including the creation of detailed geological sections to understand the potential continuity and position of the various gold zones intersected during the 2012 drill program. This work will contribute to targeting future exploration at the Trojan zone.

The Freegold block, located approximately 7.5 km southeast of the Trojan Zone, overlies a quartz vein which has been traced for 122 m, varying from 1.1 to 1.5 m in width. The shear that hosts the quartz vein has been interpreted by past workers to extend for up to 7 km between the Labretech block to the east and the Privat block to the west. A 1995 humus survey outlined a greater than 5 km long southeast-trending anomaly in an area underlain by sheared massive to pillowed basalts and ultramafic flows with strong carbonatization, fuchsite alteration, and pyrite mineralization.

Between October and December 2014, Lakeside completed orientation soil and humus geochemical surveys, and grab sampling in the area south of the Freegold Zone, and an orientation soil survey and grab sampling in the Trojan Zone area. Two trenches were completed near the historical Freegold exploratory shaft to investigate a regional structure interpreted to be associated with gold mineralization, and interpreted to extend from the Trojan Zone through the area of the Freegold Zone to the east into the area of the Labretech Zone.

The orientation line of MMI soil samples in the area in of the Trojan Zone returned two anomalous samples approximately 125 m southwest of the projected eastern strike extension of the Trojan Zone. The reason for this offset is not apparent and, although offset to the south of the known mineralization, the anomalous MMI Au samples indicate that the MMI method detects the mineralization in this area and suggests that a result of 2.1 ppb Au may be indicative of bedrock gold mineralization. An MMI sample collected in the area of a 1.2 g/t Au anomaly from the 2007 B horizon survey, south of the Freegold Zone suggests follow-up work should be conducted in that area to determine the cause of the anomaly.

Three orientation lines of humus samples were taken along the same lines as the 1995 humus survey and the 2007 B horizon soil survey, in the area south of the Freegold Zone. Samples were collected along the old lines as close to the original stations as possible with humus and MMI samples from the same location. The 1995 humus survey line included a 480 ppb Au humus anomaly and the 2007 B horizon survey included a 1.2 ppm Au anomaly and both warranted further investigation. An anomaly was defined by the 2014 survey which included the same station as the 480 ppb Au sample from 1995, but also included two adjacent stations, and the southern-most station in the humus anomaly also returned an anomalous MMI Au value. However, the 2014 samples returned Au values an order of magnitude lower than the 1995 sample. In addition, two samples located toward the south end of the 1995 line and adjacent samples collected toward the north end of the 2007 B horizon lines returned coincident Au in humus and MMI Au anomalies. Further prospecting of the outcrops in the areas of these coincident anomalies should be conducted to determine if there is a bedrock source than could explain the anomalous gold values.

Two trenches, completed in the area adjacent to the Freegold exploration shaft, totaled 1,120 m^2. Trench 1, located 10 m west of the Freegold exploratory shaft, exposed a 50 cm quartz vein hosted by sheared and altered intermediate volcanic rock. Trench 2, located 150 m southeast of the shaft, exposed a 20 m wide sheared and altered zone with centimetre-scale quartz veining hosted by variolitic intermediate volcanic rock. A total of 26 samples were taken from the two trenches, but due to the time of year and thick accumulations of snow, systematic mapping and sampling could not be completed.

Going Concern

The Company was, until recently, a junior mineral exploration company. On July 25, 2017, the Company changed its name to Lineage Grow Company Ltd. to reflect the change of business to focus in the cannabis industry in the US through the formation of the four new subsidiaries incorporated in Nevada.

As at October 31, 2017, the Company had not yet achieved profitable operations and, with an accumulated deficit of $6,034,935 (January 31, 2017 – $5,329,018), it expects to incur further losses in the development of its business including joint-venture commitments to build cannabis cultivation facilities in the states of Nevada and Colorado. The cannabis business may be subject to government licensing requirements or regulations, and non-compliance with regulatory requirements.

The Company continued to hold mining claims under the Launay Property in Quebec and has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, unregistered claims, aboriginal claims and noncompliance with regulatory, social and environmental requirements.

The business of cannabis cultivation involves a high degree of risk, and there can be no assurance that planned programs will result in profitable operations. The Company's ability to continue as a going concern is dependent upon the Company achieving profitable operations to generate sufficient cash flows to fund continuing operations, or, in the absence of adequate cash flows from operations, obtaining additional financing to support operations for the foreseeable future. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operations. The uncertainty of the cannabis business and limited working capital may cast significant doubt upon the Company's ability to continue as a going concern.

Selected Annual Information

The following table presents a summary of selected financial information with respect to Lineage:

	Year ended January 31, 2017	Year ended January 31, 2016	Year ended January 31, 2015
	$	$	$
Operating expenses	(256,571)	(227,874)	(490,615)
Other income (expenses)	(15,889)	(14,755)	16,546
Loss before income taxes	(272,460)	(242,629)	(474,069)
Net loss	(272,460)	(242,629)	(466,792)
Loss per share	(0.03)	(0.03)	(0.02)
Total assets	622,334	28,901	80,592
Total liabilities	165,506	485,878	295,110
Shareholders' equity (deficiency)	456,828	(456,977)	(214,518)

Financial Results

<u>Three months period ended October 31, 2017</u>

The Company incurred a net loss of $404,524 or $0.013 per common share during the three months ended October 31, 2017, compared with a net loss of $31,405 or $0.001 per common share in the comparative period of the prior year. The increase in loss was the direct result of higher expenses being incurred as management geared up for its new strategy of changing its business to the cannabis industry.

Management, consulting fees and salaries totaled $77,539 during the three months ended October 31, 2017 (2016 – $24,000), primarily consisted of services provided by FMI Capital Advisory Inc. ("FMI"), for strategic advisory services, David Drutz for CEO services, and Branson Corporate Services Inc. ("Branson") for financial accounting, including CFO services. This increase was also due to an increase in monthly service fees from $2,000 to $12,000 by FMI beginning on February 1, 2017 under a new advisory agreement. Professional fees totaled $115,579 during the three months ended October 31, 2017 (2016 – $5,043) and increased as a result of the new cannabis business strategy initiative and related financing.

Office and general expenses totaled $44,889 during the three months ended October 31, 2017 (2016 – $2,985), which consisted primarily of transfer agent fees, insurance, travel and entertainment, rent and other miscellaneous costs.

Share-based compensation totaled $27,910 during the three months ended October 31, 2017 (2016 – $nil), in relation with the vesting of stock options granted in Fiscal 2017.

Exploration and evaluation expenditures of $2,527 were incurred on the Launay Property during the three months ended October 31, 2017 (2016 – $nil).

<u>Nine months period ended October 31, 2017</u>

The Company incurred a net loss of $705,917 or $0.022 per common share during the nine months ended October 31, 2017, compared with a net loss of $108,887 or $0.004 per common share for the same period ended October 31, 2016. The increase in loss was the direct result of higher expenses being incurred during Fiscal 2017 as management geared up for its new strategy of changing its business to the cannabis industry.

Management, consulting fees and salaries totaled $217,439 during the nine months ended October 31, 2017 (2016 – $66,000), primarily consisted of services provided by FMI for strategic advisory services, David Drutz for CEO services, and Branson for financial accounting, including CFO services. This increase was also due to the increase in monthly service fees by FMI beginning on February 1, 2017 under a new advisory agreement. Professional fees totaled $223,685 during the nine months ended October 31, 2017 (2016 – $11,723), and increased as a result of the new cannabis business strategy initiative and related financing in Fiscal 2017.

Office and general expenses totaled $70,897 during the nine months ended October 31, 2017 (2016 – $18,588), which consisted primarily of transfer agent fees, insurance, travel and entertainment, rent and other miscellaneous costs.

Share-based compensation totaled $40,185 during the nine months ended October 31, 2017 (2016 – $nil), in relation with the vesting of stock options granted in Fiscal 2017.

Exploration and evaluation expenditures of $18,826 were incurred on the Launay Property during the nine months ended October 31, 2017 (2016 – $nil).

Summary of Quarterly Results

		Net loss ($)	Loss per share ($)
Q3	**2018**	(404,524)	(0.013)
Q2	**2018**	(192,171)	(0.006)
Q1	**2018**	(109,222)	(0.003)
Q4	**2017**	(163,573)	(0.013)
Q3	**2017**	(31,405)	(0.004)
Q2	**2017**	(47,606)	(0.006)
Q1	**2017**	(29,877)	(0.003)
Q4	**2016**	(41,083)	(0.006)

Liquidity and Financial Position

As a former junior exploration resource company which is currently changing its business strategy to focus in the cannabis industry, the Company has no regular cash flow from operations, and the level of operations is principally a function of availability of capital resources. The principal source of funding has been through the completion of private placements. Going forward, the Company will have to continue to rely on equity or debt financings for its working capital requirements. There is no guarantee that the Company will be able to successfully complete such financings, as market conditions may dictate availability and interest.

As at October 31, 2017, the Company had total assets of $2,592,381, total liabilities of $2,181,854 and total equity of $410,527. This compares to total assets of $622,334, total liabilities of $165,506 and total equity of $456,828 as at January 31, 2017. The increase in total assets and total liabilities is attributed to the brokered private placement of $2,500,000 from the offering of convertible debentures completed on May 12, 2017.

As at October 31, 2017, the Company had current assets of $2,592,381, including cash of $2,533,556. Against current liabilities of $387,069, this resulted in a net working capital of $2,205,312. This compares to current assets of $622,334, including cash of $606,695, current liabilities of $165,506 and a net working capital of $456,828 as at January 31, 2017.

Related Party Transactions and Key Management Compensation

Key management includes the Company's directors, officers and any employees with authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly.

On October 15, 2010, the Company and FMI entered into a financial advisory and consulting agreement, which was subsequently amended on May 30, 2017. Peter Bilodeau, a director of the Company, is also the President of FMI. FMI is a subsidiary of Foundation Financial Holdings Corp. ("FFHC"). FFHC is an entity in which Adam Szweras, the secretary of the Company is a director and his minor children hold an indirect interest. For the nine months ended October 31, 2017, consulting fee from FMI was $108,000 (2016 – $18,000). As at October 31, 2017, $58,680 (January 31, 2017 – $nil) is included in accounts payable and accrued liabilities in relation to FMI. This amount is unsecured, non-interest bearing and due on demand.

On March 1, 2014, the Company and Branson entered into a management services agreement, providing for CFO services of the Company, as well as other accounting and administrative services. Branson is an entity in which FFHC owns 49% of the shares. For the nine months ended October 31, 2017, the Company recorded $45,000 (2016 – $45,000) for services provided by Branson. As at October 31, 2017, $nil (January 31, 2017 – $nil) is included in accounts payable and accrued liabilities in relation to Branson. This amount is unsecured, non-interest bearing and due on demand.

During the nine months ended October 31, 2017, Fogler Rubinoff LLP ("Fogler"), a law firm in which Adam Szweras, the secretary of the Company is also a partner, provided $85,200 (2016 – $nil) of legal services, which are included in professional fees. As at October 31, 2017, $22,816 (January 31, 2017 – $72,094) is included in accounts payable and accrued liabilities in relation to Fogler. This amount is unsecured, non-interest bearing and due on demand.

During the nine months ended October 31, 2017, $nil (2016 – $nil) was paid to directors or officers of the Company, included in management, consulting fees and salaries in the statement of loss. As at October 31, 2017, $48,000 (January 31, 2017 – $nil) was accrued for compensation to the CEO for his services.

Disclosure of Outstanding Share Data as of December 28, 2017

	Authorized	**Outstanding**
Voting or equity securities issued and outstanding	Unlimited number of common shares	33,049,183 common shares
Securities convertible or exercisable into voting or equity		a) 22,420,553 warrants exercisable to acquire common shares of the Company; b) Convertible debentures in the principal amount of $2,500,000, convertible into common shares at the Conversion Price; and c) 3,000,000 outstanding stock options, of which 1,772,500 stock options are exercisable into common shares of the Company.

Off-Balance Sheet Arrangements

As of the date of this MD&A, the Company does not have any off-balance sheet arrangements.

Proposed Transactions

Oregon Acquisition

On December 13, 2017, the Company signed a LOI to acquire the assets of Rosebuds Bakery, LLC d/b/a Terpene Station and Brooklyn Holding Co d/b/a Terpene Station Portland which operate under the "Terpene Station" (the "Acquisition"). Terpene Station is an Oregon-based cannabis retailer involved with the marketing and sale of cannabis flower, edibles and oils. The purchase price of the Acquisition is in the amount of US$1,200,000, of which US$800,000 will be payable in cash upon closing, and US$400,000 payable in secured promissory note, payable 24 months after closing, at 10% simple interest per annum. Closing of the Acquisition is subject to completion of due diligence, execution of a definitive agreement, and all required regulatory approvals and consents.

In Oregon, Lineage's objective is to establish a vertically integrated cannabis operation to manufacture and sell premium quality cannabis branded products. The Acquisition of the two retail dispensaries is in line with this objective and puts the Company in an advantageous position when structuring transactions to acquire cultivation operations up the value chain. Lineage is currently engaged in discussions with Oregon-based cultivators with a view towards entering into additional acquisitions in the near future. Lineage expects the Acquisition to provide several key strategic benefits including brand expansion and distribution, a leading dispensary position in Oregon, and other synergy opportunities.

Washington Strategic Partnership

On December 21, 2017, the Company announced it had entered into a LOI to form a strategic partnership with Mt. Baker Greeneries, LLC ("Mt. Baker") (the "Washington Agreement"). Mt. Baker currently operates a cannabis cultivation and extraction facility located in Bellingham, Washington and holds a Tier 2 licensed producer processor with the Washington Liquor and Cannabis Board. In connection with the Washington Agreement, Lineage and Mt. Baker expect to enter into certain agreements whereby the Company will license proprietary intellectual property, provide services and non-cannabis materials, lease equipment and employees, and provide consulting services to Mt. Baker.

The Company will work with Mt. Baker to maximize the efficiency of their cultivation operations by deploying innovative agricultural and technological solutions in concert with effective brand management practices.

Colorado Joint Venture

On February 22, 2017, the Company and NHII entered into a LOI, contemplating a Colorado Joint Venture ("Colorado JV"), subsequently amended on June 29, 2017. Under the terms of the Colorado JV, it was intended that NHII would lease certain land and buildings in Pueblo, Colorado (the "Pueblo Facility") which qualify for marijuana cultivation to Lineage, which would then sub-lease the Pueblo Facility to Palo Verde LLC ("Palo Verde"), which has applied for a license to cultivate retail cannabis (the "OPC License") in Colorado with respect to the Pueblo Facility.

Palo Verde was advised the by the Colorado Marijuana Enforcement Division ("MED"), the State regulator of the legal marijuana industry in Colorado, that its renewal application for the OPC License has received a notice of denial. Palo Verde has previously applied for renewal of the OPC License which was previously granted to Palo Verde but has subsequently expired. It was intended that upon completing the build-out, obtaining requisite state and local approvals, and obtaining the renewal of the OPC License, Palo Verde would cultivate retail cannabis for sale to licensed dispensaries and infused product manufacturers in the State.

Palo Verde has advised that it is undertaking an administrative process to determine if the OPC License renewal was improperly denied by the MED and contest the denial. In light of these developments, Lineage will temporarily delay moving forward with the Colorado JV until there is greater clarity surrounding Palo Verde's ability to secure an OPC License.

The Company is in the process of negotiating with NHII to amend the LOI to address the delay of the Colorado JV and the proposed Washington Agreement and will provide a further update upon new developments.

Critical Accounting Estimates

The preparation of the Company's unaudited condensed interim consolidated financial statements for the three and nine months ended October 31, 2017, in conformity with IFRS, requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the unaudited condensed interim consolidated financial statements and reported amounts of expenses during the three and nine months ended October 31, 2017.

The estimates and associated assumptions are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. 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 review affects both current and future periods.

Critical accounting estimates and assumptions made by management may result in material adjustments to the carrying amount of assets and liabilities within the next financial year. There have been no significant judgments made by management in the application of IFRS that have a significant effect on these financial statements, with exception to loans payable, deferred taxes and the going concern assumption. The most significant estimates relate to the recoverability of taxes receivable, the valuation of deferred income tax amounts, the determination of equity portion of convertible debentures, and the valuation of warrants and share-based payments.

Significant Accounting Policies

Mineral Properties

Acquisition and exploration costs, net of incidental revenues, are charged to operations in the period incurred until such time as it has been determined that a property has economically recoverable reserves, in which case subsequent exploration costs and the costs incurred to develop a property are capitalized into property, plant and equipment.

Share-Based Payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in the share-based payment note. The fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period in which the options vest. The offset to the recorded cost is to share-based payment reserve. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in the statement of loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payment reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Consideration received on the exercise of stock options is recorded as share capital and the related share-based payment reserve is transferred to share capital. Upon expiry, the recorded value is transferred to share capital.

Compound Instruments

The components of compound instruments issued by the Company are classified separately as financial liabilities and equity in accordance with the contractual agreement. At the date of issue, the fair value of the liability component is estimated using the market interest rate then in effect for a similar convertible instrument. This amount is recorded as a liability, at amortized cost, using the effective interest rate method until its expiry at the time of conversion or maturity of the instrument. The equity component is determined by deducting the amount of the liability component of the total fair value of the compound instrument. This amount is recognized in equity, net of income tax effects, and is not subsequently remeasured. Transaction costs related to the issuance of the convertible debenture are allocated to the liability and equity components in proportion to their initial carrying amounts. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the life of the debenture using the effective interest method. Interest and accretion expense are recognized as a finance cost in the consolidated statement of loss. Upon expiry, the equity component is transferred to deficit.

Loss per Share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted loss per share assumes conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share. When there is a loss, no potential shares are included in the computation as they are anti-dilutive.

Financial Assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity ("HTM"), available for sale ("AFS"), loans and receivables or at fair value through profit or loss ("FVTPL"). Financial assets classified as FVTPL are measured at fair value with realized gains and losses recognized through net income (loss). The Company's cash is classified as loans and receivable. Financial assets classified as loans and receivables and HTM are measured at amortized cost. Financial assets classified as AFS are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for when there is objective evidence of impairment. As at October 31, 2017, the Company has not classified any financial assets as FVTPL, AFS or HTM. Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Financial Liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's line of credit, accounts payable and accrued liabilities are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of comprehensive income. As at October 31, 2017, the Company has not classified any financial liabilities as FVTPL.

Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statements of financial position comprise cash at banks and short-term deposits. As at October 31, 2017, the Company did not have any cash equivalents.

Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Changes in Accounting Policies and Recent Accounting Pronouncements

The Company had adopted the following new standards, effective February 1, 2017. These changes were made in accordance with the applicable transitional provisions. There was no material impact on the Company's unaudited condensed interim consolidated financial statements:

- *IAS 7 – Statement of Cash Flows* was amended in January 2016 to clarify that disclosures shall be provided that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

- *IAS 12 – Income Taxes* was amended in January 2016 to clarify that, among other things, unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use; the carrying amount of an asset does not limit the estimation of probable future taxable profits; and estimates for future taxable profits exclude tax deduction resulting from the reversal of deductible temporary differences.

The IASB and the IFRIC have issued certain pronouncements that are mandatory for accounting periods commencing on or after January 1, 2017. Many are not applicable or do not have a significant impact to the Company and have been excluded. The Company has not early adopted and is currently assessing the impact of adopting these standards or amendments will have on the Company's financial statements.

- *IFRS 9 – Financial Instruments ("IFRS 9")* was issued by the IASB in July 2014 and will replace IAS 39 – Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted.

- *IFRS 16 – Leases ("IFRS 16")* was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted if IFRS 15 – Revenue from Contracts with Customer has also been applied.

Capital Management

The Company's objective in managing its capital structure is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. The Company monitors its capital structure and makes adjustments according to market conditions to meet its objectives given the current outlook of the business and industry in general. To maintain or adjust the capital structure, the Company may issue new shares or acquire or dispose of assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the management team to sustain the future development of the business.

Management has chosen to mitigate the risk and uncertainty associated with raising additional capital within current economic conditions by:

(i) minimizing discretionary disbursements;
(ii) reducing or eliminating exploration expenditures which are of limited strategic value;
(iii) exploring alternate sources of liquidity.

In light of the above, the Company will continue to assess and acquire an interest in new business opportunities if it feels there is sufficient potential and if it has adequate financial resources to do so.

As at October 31, 2017, the Company's capital consists of share capital, conversion component of convertible debentures, reserves and deficit in the amount of $410,527 (January 31, 2017 – $456,828).

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company's capital management objectives, policies and processes have remained unchanged during the nine months ended October 31, 2017.

The Company is not subject to externally imposed capital requirements.

Risk Factors

Fair Value

The carrying amounts of cash, other receivables, convertible debentures and accounts payables and accrued liabilities on the consolidated statements of financial position approximate fair value due to the relative short maturity of these financial instruments.

Credit Risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash balances and other receivables. Cash is held with a reputable Canadian chartered bank and in trust by the Company's legal counsel. Management believes that the credit risk concentration with respect to financial instruments included in cash and other receivables is remote.

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. See Note 1 of the Company's unaudited condensed interim consolidated financial statements for the three and nine months ended October 31, 2017 for the Company's requirement for additional financing to conduct its planned work, to meet ongoing levels of corporate overhead, and to discharge its liabilities as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at October 31, 2017, the Company had a cash balance of $2,533,556 (January 31, 2017 – $606,695) to settle current liabilities of $387,069 (January 31, 2017 – $165,506).

Commodity Price Risk

Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depends upon the world market price of precious metals. These metal prices have fluctuated significantly in recent years. There is no assurance that, even as commercial quantities of these metals may be produced in the future, a profitable market will exist for them. As of October 31, 2017, the Company was not a producing entity. As a result, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

Subsequent Events

On November 2, 2017, the Company extended the maturity date of the SIDEX Debentures to March 16, 2019. The conversion price was also amended to equal to $0.20 per share.

On November 10, 2017, the Company announced a term extension of the share purchase warrants previously issued pursuant to private placements on November 16, 2016 and December 9, 2016, as well as a debt settlement on December 12, 2016. If the warrants are not exercised by their original expiry date, the expiry date of these warrants will be extended for a further 12-month period, to November 16, 2018, December 9, 2018 and December 12, 2018, respectively. This extension is subject to an 8-month legend for resale of the shares beginning on the original expiry date.

On November 21, 2017, 600,000 common shares were issued as a result of the exercise of warrants previously issued on November 16, 2016, for proceeds of $60,000. The warrants were exercised at a weighted average exercise price of $0.10 per warrant. All issued shares are fully paid.

On December 12, 2017, 170,000 stock options expired unexercised.

On December 13, 2017, the Company signed a LOI to acquire the assets of Terpene Station. The purchase price of the Acquisition is in the amount of US$1,200,000, of which US$800,000 will be payable in cash upon closing, and US$400,000 payable in secured promissory note, payable 24 months after closing, at 10% simple interest per annum. Closing on the Acquisition is subject to completion of due diligence, execution of a definitive agreement, and all required regulatory approvals and consents.

On December 21, 2017, the Company announced it has entered into a LOI to form a strategic partnership with Mt. Baker, subject to regulatory review.

On December 21, 2017, the Company announced that it is in the process of negotiating with NHII to amend the LOI entered on February 22, 2017 as amended on June 29, 2017.

On December 21, 2017, the Company announced that it will be delaying its listing on the CSE until the necessary disclosures have been made with respect to the Washington Agreement and the delay in the Colorado JV. As such, the Company will be amending the terms of the Concurrent Financing such that subscribers who waive final listing approval from the CSE as a closing condition will be entitled to receive one full Warrant, instead of one-half (1/2) of one Warrant.

Internal Control over Financial Reporting

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.

During the nine months ended October 31, 2017, there were no changes in the Company's internal control over financial reporting that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Corporation's President and CEO and CFO, on a timely basis so that appropriate decisions can be made regarding public disclosure. As at October 31, 2017, covered by this MD&A, with the participation of the President and CEO and the CFO, the Company evaluated the effectiveness of the Corporation's disclosure controls and procedures as required by Canadian securities laws. Based on that evaluation, the President and CEO and the CFO have concluded that, as of the end of the period covered by this MD&A, the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the Corporation's annual filings and interim filings (as such terms are defined under Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings) and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws and that material information is accumulated and communicated to management of the Corporation, including the President and CEO and the CFO, as appropriate to allow timely decisions regarding required disclosure.

Cautionary Note Regarding Forward Looking Statements

This MD&A includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. Such risks and uncertainties include, but are not limited to, risks associated with the mining industry (including operational risks in exploration development and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections in relation to production, costs and expenses; the uncertainty surrounding the ability of the Company to obtain all permits, consents or authorizations required for its operations and activities; and health safety and environmental risks), the risk of commodity price and foreign exchange rate fluctuations, the ability of Lineage to fund the capital and operating expenses necessary to achieve the business objectives of Lineage, the uncertainty associated with commercial negotiations and negotiating with foreign governments and risks associated with international business activities, as well as those risks described in public disclosure documents filed by the Company. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in securities of the Company should not place undue reliance on these forward-looking statements. Statements in relation to "reserves" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described can be profitably produced in the future.

Readers are cautioned that the foregoing lists of risks, uncertainties and other factors are not exhaustive. The forward-looking statements contained in this press release are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or in any other documents filed with Canadian securities regulatory authorities, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. The forward-looking statements are expressly qualified by this cautionary statement.

Management's Responsibility for Financial Information

Management is responsible for all information contained in this report. The unaudited condensed interim consolidated financial statements have been prepared in accordance with IFRS and include amounts based on management's informed judgments and estimates. The financial and operating information included in this report is consistent with that contained in the unaudited condensed interim consolidated financial statements in all material aspects.
Management maintains internal controls to provide reasonable assurance that financial information is reliable and accurate, and assets are safeguarded.

The Audit Committee has reviewed the unaudited condensed interim consolidated financial statements with management. The Board of Directors has approved the unaudited condensed interim consolidated financial statements on the recommendation of the Audit Committee.

December 28, 2017

David Drutz
Chief Executive Officer