NABIS HOLDINGS INC.
(formerly Innovative Properties Inc.)
Management's Discussion and Analysis

For the three-month periods ended March 31, 2020 and January 31, 2019
(Expressed in Canadian dollars unless stated otherwise)

GENERAL

The following Management's Discussion and Analysis ("MD&A") has been prepared by management and is provided to enable readers to assess the results of operations and financial condition of Nabis Holdings Inc. (formerly Innovative Properties Inc.) ("Nabis") for the three months ended March 31, 2020. This MD&A should be read in conjunction with the Company's annual audited consolidated financial statements and related notes for the fourteen-months ended December 31, 2019. The terms "Nabis", "Innovative", the "Company", "we", "us", and "our" in the following MD&A refer to Nabis Holdings Inc. All amounts, unless noted otherwise, are presented in Canadian dollars and are based on financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

During 2019, the Company changed its fiscal year end from October 31st to December 31st in order to be better aligned with their industry peers, as well as facilitate efficiencies in the administration, accounting and production of the annual audited financial statements. As a result of this change, during the current three-month period ended March 31, 2020, the comparative period represents the three-month period of November 1, 2018 to January 31, 2019 and are therefore not entirely comparable.

The financial statements, along with additional information on the Company, are available on SEDAR at www.sedar.com. The Board of Directors of the Company, under the recommendation of its Audit Committee has approved the contents of this MD&A, and this report covers other relevant information available up to July 15, 2020.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking statements or forward-looking information within the meaning of applicable Canadian securities laws. Forward looking statements are frequently, but not always, identified by words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions or statements (including negative variations) suggesting that events, conditions or results "will", "may", "could", or "should" occur or be achieved. Forward-looking statements are statements concerning the Company's current beliefs, plans and expectations about the future and are inherently uncertain, and actual achievements of the Company or other future events or conditions may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors, including, without limitation, the risks that: (i) any of the assumptions used in management estimates turn out to be incorrect, incomplete or flawed in any respect; (ii) operations are disrupted or suspended due to acts of god, unforeseen government actions or other events; (iii) the Company experiences the loss of key personnel; (iv) the Company's operations are adversely affected by other political, military or terrorist activities; (v) the Company becomes involved in any material disputes with any of its key business partners, lenders, suppliers or customers; or (vi) the Company is subjected to any hostile takeover or other unsolicited attempts to acquire control of the Company. Other factors that could cause the actual results to differ include market prices, continued availability of capital and financing, inability to obtain required regulatory approvals and general market conditions. These statements are based on a number of assumptions, including assumptions regarding general market conditions, the timing and receipt of regulatory approvals, the ability of the Company and other relevant parties to satisfy regulatory requirements, the availability of financing for proposed transactions and programs on reasonable terms and the ability of third-party service providers to deliver their services in a timely manner. Other risks are more fully described under the heading "Financial Risk Management and Capital Management" below. The Company's forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made, and the Company assumes no obligation to update such forward-looking statements in the future, except as required by law. For the reasons set forth above, investors should not place undue reliance on the Company's forward-looking statements.

NON-IFRS FINANCIAL MEASURES

The Company's financial statements are prepared using International Financial Reporting Standards ("IFRS"); whereas, this MD&A refers to certain non-IFRS measures such as gross margin, and gross margin %. Non-IFRS measures are used externally to provide a supplemental measure of the Company's operating performance, facilitate comparisons, and enable analysis of the Company's ability to meet future capital and working capital requirements. Management uses them internally to prepare operating budgets and assess performance. These measures do not have standardized meanings prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Accordingly, they should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS.

COMPANY OVERVIEW

Nabis Holdings Inc. (formerly Innovative Properties Inc.) ("Nabis" or the "Company") was formed by amalgamation under the Canada Business Corporations Act on October 31, 2002. The amalgamated entity was named "Innovative Properties Inc." and its common shares became listed and posted for trading on the TSX Venture Exchange under the symbol "INR".

On September 2, 2014, the Company announced that it had received final approval to list its common shares on the Canadian Securities Exchange ("CSE"). The Company's common shares commenced trading on the CSE effective September 3, 2014, under the symbol "INR". It received consent from the Toronto Venture Stock Exchange to voluntarily delist its shares effective upon the closing of markets on September 5, 2014.

On May 29, 2019, the Company changed its name to Nabis Holdings Inc. and CSE ticker symbol to "NAB". Nabis is a Canadian investment issuer that invests in high quality cash flowing assets across multiple industries, including real property and all aspects of the U.S. and international cannabis sector. The Company is focused on investing across the entire vertically integrated aspects of the space with a focus on revenue generation, EBITDA and growth.

On November 13, 2019, the Company announced that its common stock commenced trading on the OTCQB Venture Market in the U.S. under the symbol "NABIF". The Company also announced that the Board of Directors had approved to change its fiscal year from October 31 to December 31, effective in 2019.

The Company has incurred losses and has had negative cash flows from operations from inception that have primarily been funded through financing activities. The Company will need to raise additional capital during the next twelve months and beyond to support current operations and planned development. As at March 31, 2020, the Company had a working capital deficiency of $14,376,537 and an accumulated deficit of $36,657,350. These factors indicate the existence of a material uncertainty that may cast significant doubt as to the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with cash on hand, through the private placement of common shares, issuance of loans and convertible loans.

Highlights for the Company during the three-month period ended March 31, 2020 and up to the date of this MD&A include the following:

ARIZONA:

- January 20, 2020 – ***the Company's wholly-owned subsidiary, Nabis Hemp Holdings Inc. announced that they have secured a full hemp license in Arizona.*** The Company successfully secured all five types of hemp licenses available, including licenses to: Nurse; Grow; Harvest; Transport and Process. Obtaining these hemp licenses will give the Company the ability to manufacture their own CBD oil extracts for the BIS and BIS+ line of products, allowing for better cost control and increased margins and profitability; and

- January 28, 2020 – ***Nabis announced they entered into a binding memorandum of understanding ("MOU") with Panaxia Pharmaceutical Industries, Ltd. ("Panaxia") to form a joint venture to launch multiple pharma grade THC and CBD cannabis products in Arizona.*** Under the terms of the MOU, Panaxia will be providing proprietary pharma grade cannabis-based products that have proven to be in high demand in other states in the U.S. including New Mexico, Colorado, and California. The products will be produced in the first operating EU GMP facility in Arizona, under Nabis licenses, located at Nabis' "Camp Verde" facility. Nabis will provide the raw materials for production of the products and will also be responsible for sales, marketing and distribution through their already established dispensary and whole-sale channels which serve more than 50% of Arizona dispensaries. Panaxia shall be responsible for the production, clinical affairs, and quality. All products of the joint venture will be sold under the Panaxia brand, of which Nabis owns 50% in Arizona.

CORPORATE DEVELOPMENT:

- June 29, 2020 – **Nabis announced the deferral of quarterly debenture interest payment due June 30, 2020.** The overall decline in the public cannabis markets, coupled with the extraordinary market conditions resulting from the global pandemic coronavirus known as COVID-19, have negatively impacted the financing markets and have caused liquidity constraints for the Company. Despite the Company's best efforts, Management has not been able to secure further rounds of financing to execute on the Company's development initiatives. The Company, because of the pandemic, will be deferring the interest payment obligation.

  Per Section 13.19 of the Indenture Agreement ("Agreement"), available at www.SEDAR.com, Nabis cannot be held in breach of the Agreement if they were prevented, hindered or delayed in the performance of any provision by reason of act of an epidemic, or any other similar cause. Performance times under the Agreement shall be extended for a period equivalent to the time lost because of any delay that is excusable under Section 13.19, Force Majeure.

OVERALL PERFORMANCE

During fiscal 2019, the Company's primary focus was to secure cannabis assets in limited license states in the U.S., increase revenue and profitability at the operational dispensary in Phoenix, Arizona, and raise sufficient capital to build out assets so they become operational. This focus extended to the three-month period ended March 31, 2020. During the first quarter ending March 31, 2020, retail revenues were $2,306,959 and were primarily earned from the dispensary in Phoenix which was acquired October 10, 2019. (January 31, 2019 - $nil).

SELECTED ANNUAL INFORMATION

		2019		2018		2017
Revenue	$	2,232,396	$	-	$	-
Net loss		(26,290,647)		(5,153,690)		(308,234)
Total assets		37,506,023		1,114,534		1,439,705
Total non-current financial liabilities		26,042,253		-		-
Basic and diluted EPS	$	(0.24)	$	(0.21)	$	(0.02)

- Revenue for the year ended December 31, 2019 was $2,232,396 compared to $nil in both fiscals 2018 and 2017. Revenue in 2019 was primarily earned from the Company's dispensary in Arizona which was acquired on October 10, 2019.
- Net loss in fiscal 2019 increased significantly compared to 2018 as the Company began to execute on its plan of becoming a vertically integrated cannabis provider in multiple states across the U.S. As a result, the Company incurred significant sales and marketing, business development and professional fees. Net loss for fiscal 2018 increased compared to fiscal 2017 as the Company wrote off $3,800,000 in an uncollectible loan receivable and incurred significant consulting and professional fees in fiscal 2018 due to potential business acquisitions.
- Total assets of the Company decreased in 2018 as the Company sold a large portion of its marketable securities in the first quarter while total assets decreased slightly in 2017 compared to 2016 as in 2017, the fair value of marketable securities were less than the fair value in 2016, and loan receivable in 2017 was either written off or collected.

The above selected Annual Information in fiscal 2018 and 2017 is the result of operations of Innovative Properties Inc. prior to the Company changing its name to Nabis Holdings Inc. and focusing primarily on operations across the vertically integrated cannabis industry in the U.S.

SUMMARY OF QUARTERLY RESULTS

	March 31, 2020	Dec 31 2019[1]	Jul 31, 2019	Apr 30, 2019
Revenue	$2,306,959	$2,232,396	-	-
Cost of goods sold	(1,330,813)	(1,411,097)	-	-
Gross profit	976,146	821,299		
Total operating expenses	(2,411,815)	(4,260,549)	(3,732,604)	(3,549,944)
Other income (expenses)	(2,253,599)	(9,799,081)	(1,433,432)	(680,124)
Net loss	(3,689,268)	(13,238,331)	(5,166,036)	(4,230,068)
Weighted-average number of shares outstanding	118,085,479	109,729,634	101,494,364	95,344,659
Loss per share	$(0.03)	$(0.12)	$(0.05)	$(0.04)

	Jan 31, 2019	Oct 31 2018	Jul 31, 2018	Apr 30, 2018
Revenue	-	-	-	-
Cost of goods sold	-	-	-	-
Gross Profit		-	-	-
Total operating expenses	(3,533,417)	(364,213)	(59,306)	(484,571)
Other income (expenses)	(122,795)	(3,670,727)	(20)	(58,920)
Net loss	(3,656,212)	(4,034,940)	(59,326)	(543,491)
Weighted-average number of shares outstanding	83,925,034	27,598,865	24,142,033	24,635,536
Loss per share	$(0.04)	$(0.15)	$(0.00)	$(0.02)

1 This period represents results of operations for the five-month period from August 1, 2019 to December 31, 2019.

Results of Operations

Retail revenue for the three-month period ended March 31, 2020 was $2,306,959 (2018 - $nil). Cost of goods sold for the three-month period ended March 31, 2020 was $1,330,813 (2018-$nil) and gross profit was $976,146 or 42.3% (2018-nil). Basic and diluted loss per share for the three-month period ended March 31, 2020 was a loss of $0.03 per share compared to a loss of $0.04 per share during the three-month period ended January 31, 2019.

During the three-month period ended March 31, 2020, the Company incurred $1,874,310 in selling, general and administrative expenses, a decrease of $466,003 or 20% when compared to $2,340,313 in the comparative three-month period ended January 31, 2019. The decrease in selling, general and administrative expenses is due to significant decreases in consulting and management fees, professional fees, business development and investor relation fees, offset by increases in salaries, benefits, rent and occupancy costs. During the comparative period, the Company was incurring due diligence related costs to secure appropriate cannabis assets whereas the costs incurred during the current three month period ended March 31, 2020 are costs incurred operating the dispensary in Phoenix, Arizona, as well as corporate costs supporting the Company's other cannabis assets.

Share-based compensation costs decreased $1,029,312 or 87% from the comparative three-month period of $1,176,437 to $147,125 during the three-month period ended March 31, 2020. The decrease in share-based compensation expense is due to the Company issuing fewer options during the quarter, at a reduced Black Scholes valuation.

The Company reported depreciation and amortization expense of $390,380 during the three-month period ended March 31, 2020, compared to $16,667 in the comparative period ended January 31, 2019.

Total operating expenses decreased by $1,121,602 or 32% when compared to the three-month period ending January 31, 2019. The decrease in total operating expenses is a result of the Company's recent cost cutting exercise which has resulted in cost reductions in selling, and general and administrative expenses in fiscal 2020. As a result of this exercise, Management conservatively estimates an expected annualized savings in 2020 of approximately $3,000,000 largely due to the termination, or non-renewal of non-essential sales and marketing, business development and investor relations agreements.

OUTLOOK

Impact of Covid-19

The rapid spread of COVID-19 has affected both people and global operations and may continue to do so for the foreseeable future. The extent of the financial and operational impact of COVID-19 has yet to be fully determined. The impact on the Company has/ may include curtailment of operations if deemed non-essential, logistic issues related to supply and delivery of products, stock market volatility which may the Company's access to market capital, revaluation of other financial assets, foreign translation risk as a result of the declining Canadian dollar, and delays in financial reporting. Canadian securities regulators have recognized the latter and provided blanket relief for filers with up to 45 day filing extensions. The Company has leveraged this for both the annual filings and first quarter reporting.

To minimize the spread of the virus and its impact on the operations, the Company has instituted measures including creating a Committee focused on consistent and open communications with the staff, implementing best in-class hygiene practices, facilitating remote work locations where possible, imposing travel restrictions and minimizing social exposure by conducting meetings remotely.

Arizona Operations

Nabis closed the Phoenix, Arizona acquisition on October 10, 2019 and continues to work diligently on improving operating efficiencies and profitability at the dispensary. The Company has launched their own "Emerald" brand of products which include shatters, wax, butter, pre-rolls, vapes, cartridges, and oral sprays. Emerald products are processed and packaged internally, resulting in reduced costs and higher profit margins.

The State of Arizona designated cannabis as an essential service during the Covid-19 lockdown restrictions so the operating hours at the dispensary were not impacted. Management and dispensary staff followed best hygiene practices and the guidelines and recommendations of the Arizona Department of Health Services to ensure the safety of staff and patients. Operational efficiencies made at the dispensary level, coupled with the positive impact on sales during the Covid-19 pandemic have resulted in unaudited retail and wholesale revenues of approximately $3.974M (US$2.869M) for the three-month period of April 1, 2020 to June 30, 2020, which represents an increase of approximately $1,667,000 or 72% from the three-month period ended March 31, 2020. Gross revenue for the three-month period ended June 30, 2020 is expected to be as follows:

Month	**Unaudited Retail and Wholesale Revenues (CDN$)**
April 2020	1,240,000
May 2020	1,373,000
June 2020	1,361,000
Total	**$3,974,000**

Sales to date are in line with Management's expectations and management expects additional increases in sales as additional products are launched including the Infusion Edibles line which, after significant product development and recipe re-formulation, was relaunched in the middle of June, 2020.

To continue to build out the Camp Verde cultivation and production facility, the Company needs to raise additional capital. Unfortunately, because of Covid-19 and the corresponding capital market volatility, as of the date of this MD&A, the Company has been unsuccessful in raising the additional capital required.

Michigan Operations

To continue to develop the investments in Michigan, the Company requires a significant amount of capital for construction, finishing and product. In order to fund the foregoing, the Company requires outside capital. As a result of Covid-19 and the corresponding capital market volatility, as of the date of this MD&A, the Company has been unsuccessful in raising the additional debt or equity capital to fund Michigan development.

CAPITAL STRUCTURE

The authorized share capital of the Company consists of an unlimited number of common shares. As of the date of this MD&A, the Company has 118,129,417 common shares issued and outstanding. In addition, there are 38,982,767 common share purchase warrants, 2,640,115 broker's warrants and 8,625,000 stock options outstanding.

Restricted Stock Units ("RSUs")

As at the report date, the Company had granted 8,725,000 RSUs, of which 8,225,000 RSUs have met the vesting conditions and have been exercised. The remaining 500,000 RSU's are expected to vest on December 31, 2020 and will be priced based on the closing share price on the CSE on the day immediately preceding the vesting date.

CAPITAL RESOURCES

The Company considers its capital structure to include debt financing, contributed capital, accumulated deficit, and any other component of Shareholder's equity. The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, to meet its capital expenditures for its continued operations, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company manages its capital structure and adjusts it as appropriate given changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new units, issue new debt, or acquire or dispose of assets. The Company is not subject to externally imposed capital requirements. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no changes to the Company's capital management approach from the year ended October 31, 2018.

The Company's capital transactions during the three months ended March 31, 2020 are as follows:

In November, 2019, the Board of Directors approved the grant of an aggregate of 8,725,000 Restricted Share Units under the Company's Restricted Share Unit Plan (the "Plan") to certain Officers, Directors and Employees of the Company ("RSU Recipients"); 6,225,000 of the RSU's granted vested immediately, 2,000,000 RSU's vested on January 2, 2020 and the balance of 500,000 RSU's will vest on December 31, 2020.

The RSU's have been granted to the RSU Recipients as compensation for their services to the Company and as an incentive mechanism to foster long-term success of the Company. Each RSU carries the right to receive one common share of the Company upon vesting; certain RSU Recipients have vesting conditions attached to their grant. The issuance of the RSUs are subject to the terms of the Plan and all required approvals, including, if applicable, the approval of the Canadian Security Exchange.

During the three-months ended March 31, 2020, the Company recognized a total of $110,000 (January 31, 2019- $nil) as share-based compensation related to RSUs.

LIQUIDITY

The Company's objective in managing liquidity risk is to maintain sufficient liquidity to meet operational and investing requirements.

At March 31, 2020, the Company had $17,467,857 in current liabilities (December 31, 2019 - $16,192,556), of which $15,648,272 relates to mortgages and notes payable in connection with Michigan and Arizona acquisitions (December 31, 2019 - $14,379,445).

		March 31, 2020		December 31, 2019
Current assets	$	**3,091,320**	$	3,909,163
Current liabilities		**(17,467,857)**		(16,192,556)
Working capital (deficit)	$	**(14,376,537)**	$	(12,283,393)

The Company had a net loss of $3,689,268 for the three-month period ended March 31, 2020 compared to a net loss of $3,656,212 for the three-month period ended January 31, 2019. At March 31, 2020, the Company has an accumulated deficit of $36,657,350 (December 31, 2019 - $32,968,082).

The Company's ability to continue as a going concern is dependent upon its ability to finance operations with revenue derived from the dispensary in Arizona, as well as new business opportunities. Future development of the Company will depend on the Company's ability to obtain additional financings. The Company has historically financed its operations primarily through the sale of share capital by way of private placements and through debenture issuance. Funding for potential future development obligations, in excess of funds on hand, will depend on the Company's ability to obtain financing through debt and equity financing, or other means. There can be no assurances that the Company will be successful in obtaining any such financing; failure to obtain such additional financing could result in the delay or indefinite postponement of further development of the Company's operations.

RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers. The remuneration of directors and key management personnel is as follows:

		March 31, 2020		January 31, 2019
Management and consulting fees	**$**	**495,835**	$	65,965
Salaries and wages		**209,203**		110,000
Share-based compensation		**110,000**		639,796
	$	**815,038**	$	716,761

As at March 31, 2020, $33,771 (December 31, 2019 - $155,362) is included in trade payables and accrued liabilities for amounts owing to related parties.

OFF-BALANCE SHEET ARRANGEMENTS

The Company currently has no off-balance sheet arrangements.

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The fair value of the Company's financial assets and liabilities approximates the carrying amount. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities
Level 2	Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3	Inputs that are not based on observable market data

The Company did not have any marketable securities at March 31, 2020.

The Company determined that the carrying values of its short-term financial assets and liabilities approximate the corresponding fair values because of the relatively short periods to maturity of these instruments and the low credit risk

The carrying value of the Company's convertible debentures approximates fair value as the liability component was discounted using an estimated market rate.

There were no transfers between the levels of the fair value hierarchy during the year.

Financial Risk Factors

The Company is exposed to varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Market risk

Strategic and operational risks arise if the Company fails to carry out business operations and/or to raise sufficient equity and/or debt financing. These strategic opportunities or threats arise from a range of factors that might include changing economic and political circumstances and regulatory approvals and competitor actions. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts and its trade receivables. Cash deposited in bank accounts held with major banks in Canada. As most of the Company's cash is held by one bank, there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, considering its anticipated cash flows from operations and its holdings of cash.

Historically the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements and convertible debenture financing. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to foreign currency risk.

Asset forfeiture risk

Because the cannabis industry remains illegal under U.S. federal law, any property owned by participants that conduct business with affiliates in the cannabis industry, which either are used in conducting such business, or are the proceeds of such business, could be subject to seizure by law enforcement and subsequent civil asset forfeiture. Even if the owner of the property is never charged with a crime, the property in question could still be seized and subject to an administrative proceeding by which, with minimal due process, it could be subject to forfeiture.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk is minimal.

Banking risk

Notwithstanding that many states have legalized recreational cannabis, there has been no change in U.S. federal banking laws related to the deposit and holding of funds derived from activities related to the cannabis industry. Given that U.S. federal law provides that the production and possession of cannabis is illegal, there is a strong argument that banks cannot accept for deposit funds from businesses involved with the cannabis industry. Consequently, businesses involved in the cannabis industry often have difficulty accessing the U.S. banking system and traditional financing sources. The inability to open bank accounts with certain institutions may make it difficult to operate ordinary businesses.

SUBSEQUENT EVENTS

(a) The recent outbreak of the coronavirus, also known as "COVID-19," has spread across the globe and is impacting worldwide economic activity. Conditions surrounding the coronavirus continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. The outbreak and the related mitigation measures may have an adverse impact on global economic conditions as well as on the Company's business activities. The extent to which the coronavirus may impact the Company's business activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. The effect that these events will have on the ability for the Company to raise capital, and continue the construction of cannabis assets in the states of Arizona, Michigan and Washington, and the supply of product and inventory are highly uncertain and as such, the Company cannot determine the corresponding financial impacts at this time.

(b) In June 2020, the Company reached an agreement with the vendors of the Michigan properties and the repayment terms were modified such that the Michigan mortgages are due on August 1, 2020. The Company is to make total payments of interest and principle in the amount of $4,918,848 (US$3,467,152), of which $80,053 (US$56,427) has been paid.

(c) In June 2020, the Company deferred the quarterly interest payment of the unsecured convertible debentures which was due on June 30, 2020 because of COVID-19 and believes the Company is not in default in accordance with the force majeure clause as set out in the Indenture dated March 26, 2019 between the Company and Odyssey Trust Company (the "Trustee").

(d) On July 13, 2020, the Company received notice from the Trustee indicating that the missed June interest payment constitutes an Event of Default as defined in the Indenture and accordingly, the outstanding $35,791,759 representing principal and accrued interest (the "Indebtedness") of the unsecured convertible debentures are due and payable by July 23, 2020. The notice failed to address the Company's reliance on the force majeure clause which states that an interest payment missed due to epidemics or governmental actions do not constitute an Event of Default. The Company disagrees with the Trustee's position and will vigorously defend any steps taken by the Trustee to recover payment of the Indebtedness.

(e) On July 15, 2020, the Company received a binding offer to sell the cultivation, production and fulfillment facility located in Camp Verde, Arizona, for gross proceeds of US$4,500,000. The potential buyer has funded the purchase price as funds are being held in Escrow until close. The sale is conditional on management receiving Board approval and other customary closing conditions. The sale of the facility is expected to close no later than July 31, 2020.

CRITICAL ACCOUNTING ESTIMATES

Significant estimates and assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and contingent liabilities at the date of the financial statements and the reported amount of revenue and expenses during the period. Actual results could differ from these estimates. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised. Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future periods include the recoverability and measurement of deferred tax assets, the valuation of marketable securities, the recoverability of receivables, the impairment of non-financial assets, and the useful life of property, plant and equipment.

Significant judgments

The preparation of these financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include the assessment of the Company's ability to continue as a going concern and whether the collection of revenue is reasonably assured, the determination of the functional currency, and the determination of asset acquisition vs business combination.

RISKS AND UNCERTAINTIES

The Company's risks and uncertainties are as described in the Company's annual MD&A, which can be found on SEDAR at www.SEDAR.com.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Venture issuers are not required to include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings ("NI 52-109"). In particular, the Company's certifying officers are not making any representations relating to the establishment and maintenance of:

i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Company's generally accepted accounting principles.

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they make. Investors should be aware that inherent limitations on the ability of the Company are certifying officers to design and implement on a cost-effective basis.

Officers and Directors

Shay Shnet, CEO and Director
Mark Krytiuk, COO and Chairman
Nicole Rusaw, CFO
Emmanuel Paul, Director
Safiya Lyn-Lassiter, Director
Yoni Ashurov, Director

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