VIREO HEALTH, INC.

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(Expressed in United States Dollars)

MD&A of Vireo Health, Inc.

This management discussion and analysis ("MD&A") of the financial condition and results of operations of Vireo Health, Inc., (the "Company" or "Vireo") is for the years ended December 31, 2018 and 2017. It is supplemental to, and should be read in conjunction with, the Company's audited consolidated financial statements and the accompanying notes for the years ended December 31, 2018 and 2017. The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). Financial information presented in this MD&A is presented in United States dollars ("$" or "US$"), unless otherwise indicated.

This MD&A contains certain "forward-looking statements" and certain "forward-looking information" as defined under applicable United States securities laws and Canadian securities laws. Please refer to the discussion of forward-looking statements and information set out under the heading "Cautionary Note Regarding Forward-Looking Information", identified in the ''Risks and Uncertainties'' section of this MD&A. As a result of many factors, the Company's actual results may differ materially from those anticipated in these forward-looking statements and information.

OVERVIEW OF THE COMPANY

Vireo's mission is to build the cannabis company of the future by bringing the best of medicine, engineering and science to the cannabis industry. The Company is physician-led with a rapidly growing portfolio of cannabis and hemp licenses obtained through winning merit-based competitive application processes and strategic acquisitions.

Vireo's team of more than 300 employees is comprised of physicians, scientists, and individuals with extensive expertise in finance and marketing that have been successful in a variety of settings and bring a broad spectrum of experience in business, operational and finance practices and evidence-based medicine.

The Company cultivates cannabis in environmentally-friendly greenhouses, manufactures pharmaceutical-grade cannabis extracts, and sells its products at both company-owned and third-party dispensaries.

The Company's founder, Kyle Kingsley, M.D., is a board-certified emergency medicine physician, entrepreneur, and inventor. He was inspired to launch Vireo after encountering numerous patients who successfully used cannabis to effectively alleviate their pain and suffering.

Operating Segments

The Company has two operating segments, which for analysis purposes are identified as retail and wholesale. The Company cultivates, manufactures and distributes its cannabis products to third-parties in wholesale markets and cultivates, manufactures and sells its cannabis products directly to approved patients in its own retail stores.

As of the year ended December 31, 2018, Vireo is licensed in five states: Maryland, Minnesota, New York, Ohio and Pennsylvania. The Company has operating revenue in three states: Minnesota, New York and Pennsylvania. Retail revenues were derived from sales in eight dispensaries throughout two states (Minnesota – 4 and New York - 4) while wholesale revenues were derived from sales of Vireo products to third-parties in one state (Pennsylvania). The Company also incurred start-up expenses related to buildout and pre-revenue operations in two states (Maryland and Ohio).

As of the current date, Vireo is licensed in ten states: Arizona, Maryland, Massachusetts, Minnesota, Nevada, New Mexico, New York, Ohio, Pennsylvania and Rhode Island. The Company has operating revenue in six states: Arizona, Maryland, Minnesota, New Mexico, New York and Pennsylvania. Retail revenues are derived from sales in eleven dispensaries throughout four states (Arizona -1, Minnesota - 4, New Mexico – 2 and New York - 4) while wholesale revenues are now derived from sales of products to third-parties in three states (Arizona, Maryland and Pennsylvania). The Company is also incurring start-up expenses related to buildout and pre-revenue operations in four states (Massachusetts, Nevada, Ohio and Rhode Island).

SELECTED FINANCIAL INFORMATION

The following is selected financial data derived from the audited consolidated financial statements of the Company for the years ended December 31, 2018 and 2017.

The selected consolidated financial information set out below may not be indicative of the Company's future performance:

	As at and for the Years Ended December 31,	
	2018	**2017**
Total Revenues, net of discounts	$ 18,459,069	$ 10,867,064
Cost of Goods Sold (excluding biological assets)	$ 9,519,433	$ 5,104,379
Gross Profit	$ 8,939,636	$ 5,762,685
Total Expenses	$ 12,185,516	$ 6,404,659
Other Expense	$ 2,475,085	$ 391,534
Income (Loss) Before Provision for Income Taxes	$ 2,123,647	$ (430,689)
Total Assets	$ 69,256,848	$ 36,564,179
Long-Term Liabilities	$ 27,602,595	$ 9,070,671

Year Ended December 31, 2017 Compared to Year Ended December 31, 2018

Revenue

Revenue for the year ended December 31, 2018 was $18,459,069, an increase of $7,592,005, or 70% compared to revenue of $10,867,064 for year ended December 31, 2017 due to revenue contributions across retail business units from New York and Minnesota. The key performance revenue driver is attributed to the increase in patient demand from both the New York and Minnesota businesses of Vireo's portfolio. Increased patient demand is in part the result of the

Company's growing home delivery service in New York and an increase in qualifying conditions in the Minnesota program which provides access to more certified patients.

Revenue by Retail operating segment for the year ended December 31, 2018 was $18,151,950, an increase of $7,284,886, or 167% compared to revenue of $10,867,064 for year ended December 31, 2017 due to revenue contributions across business units from New York and Minnesota.

Revenue by Wholesale operating segment for the year ended December 31, 2018 was $279,815, an increase of $279,815, compared to Wholesale revenue of $Nil for year ended December 31, 2017 due to commencement of Pennsylvania Wholesale operations in Q3 2018.

Cost of Goods Sold & Biological Assets

Cost of goods sold are determined from costs related to the cultivation and manufacturing of cannabis and cannabis-derived products.

Cost of goods sold, excluding any adjustments to the fair value of biological assets, for the year ended December 31, 2018 was $9,519,433, an increase of $4,415,054 or 86% over cost of goods sold, for the year ended December 31, 2017, driven by the increase in sales and patient demand in New York and Minnesota.

Inventory of plants under production is considered a biological asset. Under IFRS, biological assets are to be recorded at fair value at the time of harvest, less costs to sell based on the stage of the life of plants. The Company aggregates fair value on a percentage of completion. As a result, a cannabis plant that is 50% through its estimated total grow cycle would be ascribed approximately 50% of its harvest date expected fair value. The biological assets are transferred to inventory and the transfer becomes the deemed cost on a go-forward basis. When the product is sold, the fair value is relieved from inventory and the transfer is recorded to cost of sales. In addition, the cost of sales also includes products and costs related to other products acquired from other producers and sold by the Company.

Biological asset transformation totaled a net gain of $7,844,612, for the year ended December 31, 2018, and increase of $7,241,793 or 1,201% from prior year ended December 31, 2017.

Gross Profit

Gross profit before biological asset adjustments for the year ended December 31, 2018 was $8,939,636, representing a gross margin on the sale of cannabis-derived products, of 48%. This is compared to gross profit before biological asset adjustments for the year ended December 31, 2017 of $5,762,685 or a 53% gross margin. The decrease in gross margin from prior year is primarily driven by the negative margin in Pennsylvania in 2018 due to a build-up of inventory and start-up operational expense leading up to Pennsylvania sales commencing in late Q3 2018.

Gross profit after net gains on biological asset transformation for the year ended December 31, 2018 was $16,784,248, representing a gross margin of 91%, compared with gross profit after biological asset transformation of $6,365,504 or 59% gross margin, for the year ended December 31, 2017.

Total Expenses

Total expenses for the year ended December 31, 2018 were $12,185,516, an increase of $5,780,857 compared to total expenses of $6,404,659 for the year ended December 31, 2017, which represents 66% of revenue for the year ended December 31, 2018 compared to 59% of revenue for the comparative year. Increase in total expenses was attributable to an increase in salaries and wages, share-based compensation, professional fees, and general and administrative expenses of $5,780,857 which represented an increase over 2017 of 90%. In addition, the Company incurred start-up expenses related to buildout and pre-revenue operations in two states (Maryland and Ohio).

Total Other Income (Expense)

Total other expenses for the year ended December 31, 2018 was $2,475,085, an increase of $2,083,551 compared to the year ended December 31, 2017. Increase in other expenses is attributable to interest expense from the capital leases of the cultivation and manufacturing facilities in New York, Minnesota, and Pennsylvania.

Provision for Income Taxes

Income tax expense is recognized based on the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year-end. For the year ended December 31, 2018, Federal and State income tax expense totaled $5,201,000 compared to Nil for the year ended December 31, 2017. Deferred tax expense of $2,283,000 is included in the $5,201,000 for the current period. This expense is driven by the fair value of biological assets. The income tax expense in 2017 is Nil due to Vireo's conversion from a Limited Liability Company to a C-corporation effective January 1, 2018. For the year ended December 31, 2017, the Company passed the tax liability to its members.

Income From Operations

Net operating income before other income and provision for income taxes for year ended December 31, 2018 was $2,123,647, an increase of $2,554,336 for the year ended December 31, 2017.

Non-IFRS Measures

EBITDA, Adjusted Net income (loss) EBITDA and Adjusted EBITDA are non-IFRS measures and do not have standardized definitions under IFRS. The following information provides reconciliations of the supplemental non-IFRS financial measures, presented herein to the most directly comparable financial measures calculated and presented in accordance with IFRS. The Company has provided the non-IFRS financial measures, which are not calculated or presented in accordance with IFRS, as supplemental information and in addition to the financial measures that are calculated and presented in accordance with IFRS. These supplemental non-IFRS financial measures are presented because management has evaluated the financial results both including and excluding the adjusted items and believe that the supplemental non-IFRS financial measures presented provide additional perspective and insights when analyzing the core operating performance of the business. These supplemental non-IFRS financial measures should not be considered superior to, as a substitute for or as an alternative to, and should be considered in conjunction with, the IFRS financial measures presented.

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2018	2017	2018	2017
Net income (loss) (IFRS)	$ (1,182,621)	$ 273,098	$ (3,077,353)	$ (430,689)
Transaction costs	386,882	-	448,480	-
Share-based compensation	572,869	-	2,072,706	-
New market startup costs(1)	1,561,645	35,010	2,051,350	530,538
Adjusted net income (loss) (non-IFRS)	$ 1,338,775	$ 308,108	$ 1,495,182	$ 99,849
Net income (loss) (IFRS)	$ (1,182,621)	$ 273,098	$ (3,077,353)	$ (430,689)
Interest income	319	(8)	-	(1,275)
Interest expense	1,122,673	267,383	2,390,422	381,960
Income taxes	1,731,000	-	5,201,000	-
Depreciation	105,757	62,547	274,319	213,356
EBITDA (non-IFRS)	$ 1,777,128	$ 603,020	$ 4,788,388	$ 163,352
Transaction costs	386,882	-	448,480	-
Share-based compensation	572,869	-	2,072,706	-
New market startup costs(1)	1,561,645	35,010	2,051,350	530,538
Adjusted EBITDA (non-IFRS)	$ 4,298,524	$ 638,030	$ 9,360,923	$ 693,890

Drivers of Results of Operations

Revenue

The Company derives its revenue from its retail and wholesale business in which it manufactures and sells through its retail stores and manufacturing facilities. For year ended December 31, 2018 98% of the revenue was generated from retail business and 2% from wholesale business. Wholesale revenues did not begin until the end of Q3 2018. For the year ended December 31, 2017, 100% of the revenue was generated from retail business.

For the year ended December 31, 2018, New York operations contributed approximately 56% of revenues while Minnesota contributed 42% and Pennsylvania contributed 2%.

For the year ended December 31, 2017, New York operations contributed approximately 56% of revenues while Minnesota contributed approximately 44%.

Gross Profit

Gross profit reflects total net revenue less cost of goods sold. Cost of goods sold includes the costs directly attributable to sales such as amounts paid for producing inventory including finished goods and concentrates, as well as packaging and other supplies, fees for services and processing, and an allocated overhead of rent, administrative salaries, utilities, and related costs. Cannabis costs are affected by various state regulations that limit the sourcing and procurement of cannabis product, which may create fluctuations in gross profit over comparative periods as the regulatory environment changes.

Throughout the year ended December 31, 2018, the Company continued to focus on the profitability of the Company’s existing operations while pursuing expansion into new markets.

Vireo expects to continue its growth strategy for the foreseeable future as the Company expands its footprint within its current markets and expands into new markets through acquisitions and strategic partnerships.

In the markets in which Vireo is operational, the Company expects to experience gradual price compression as these state-based markets mature. This in turn will place downward pressure on the Company's retail and wholesale gross margins. With that said, since the Company's current production capacity has not been fully realized, future gross profits could still increase with increased revenues reflective of higher demand and output.

Total Expenses

Total expenses other than the cost of goods sold consist of selling costs to support customer relationships and marketing and branding activities. It also includes a significant investment in the corporate infrastructure required to support ongoing business.

Selling costs generally correlate to revenue. As a percentage of sales, the Company expects selling costs to remain relatively flat in the more established operational markets (Minnesota and New York) and increase in the up and coming markets as business continues to grow (Maryland and Pennsylvania). The increase is expected to be driven primarily by the growth of Wholesale channels and the ramp up from pre-revenue to sustainable market share.

General and administrative expenses also include costs incurred at the corporate offices, primarily related to personnel costs, including salaries, benefits, and other professional service costs. The Company expects to continue to invest considerably in this area to support expansion plans and to support the increasing complexity of the cannabis business. Furthermore, the Company expects to incur acquisition and transaction costs related to these expansion plans and anticipates an increase in stock compensation expenses related to recruiting and hiring talent, along with legal and professional fees associated with being a publicly traded company.

Summary of Quarterly Results

The following table presents financial information for the most recently prepared quarters:

Period	Total Revenue	Net Effect of Changes in Fair Value of Biological Assets	Net Income (Loss)
Quarter Ended December 31, 2018	$5,595,705	$3,608,572	($1,182,621)
Quarter Ended September 30, 2018	$4,926,760	$2,120,092	$14,890
Quarter Ended June 30, 2018	$4,230,826	$2,327,560	$62,463
Quarter Ended March 31, 2018	$3,678,475	($211,612)	($1,972,085)
Quarter Ended December 31, 2017	$3,272,816	$259,875	$272,700
Quarter Ended September 30, 2017	$3,082,861	$481,943	$690,836
Quarter Ended June 30, 2017	$2,618,463	$857,884	$680,897
Quarter Ended March 31, 2017	$1,892,924	($996,882)	($2,075,122)

Revenues increased quarter over quarter through the year ended December 31, 2018, primarily due to the increase in patient demand since December 31, 2017.

For each quarter presented, there were no other significant factors, economically or industry wide relating to pricing, competition, or buying patterns that contributed to the noted significant variances.

Net Income/(Loss) has fluctuated quarter over quarter largely due to biological asset valuations and income tax expense.

Liquidity, Financing Activities During the Period, and Capital Resources

As of December 31, 2018, the Company had total current liabilities of $4,202,582 ($1,516,300 as of December 31, 2017) and cash of $9,624,110 ($2,595,965 as of December 31, 2017) to meet its current obligations. As of December 31, 2018, the Company had working capital of $37,736,087 up $18,642,342 compared to December 31, 2017 driven mainly by a sale and lease back transaction of the cultivation facility in Pennsylvania and the close of a Series D equity raise.

During the year ended December 31, 2018, the Company entered into a sale and leaseback agreement whereby the Company sold land, greenhouses, and equipment for gross proceeds of $5,763,330 and entered into a leaseback transaction that runs through 2033.

During the year ended December 31, 2018, the Company issued 383,300 Series D shares for gross proceeds of $17,248,500. In connection with the financing, the Company incurred share issuance costs of $1,458,108 and issued compensation options and advisory warrants to acquire an additional 11,930 Series D shares at $45 per share.

The Company is an early-stage growth company. It is generating cash from sales and is deploying its capital reserves to acquire and develop assets capable of producing additional revenues and earnings over both the immediate and near term. Capital reserves are being utilized for acquisitions in the medical and adult use cannabis markets, for capital expenditures and improvements in existing facilities, product development and marketing, as well as customer, supplier and investor and industry relations. The Company's ability to fund its operations, to make planned capital expenditures and, to acquire other entities or investments on our future operating performance and cash flows and the Company's ability to access capital markets, which are subject to prevailing economic conditions, as well as financial, business and other factors, some of which are beyond the Company's control.

Contractual Obligations and Commitments

The following table summarizes contractual obligations as of December 31, 2018 and the effects that such obligations are expected to have on the Company's liquidity and cash flows in future periods:

	Payments Due by Period				
	Total	Less than 1 Year	1 to 3 Years	3 to 5 Years	More than 5 Years
Operating and Capital lease commitments (1)	$ 70,911,122.00	$ 4,198,486.00	$ 8,502,058.00	$ 8,767,627.00	$ 49,442,951.00
Debt Obligations (2)	$ 1,010,000.00	$ 1,010,000.00	$ -	$ -	$ -

(1) Amounts in the table reflect minimum payments due for the Company's leased facilities under various operating and capital lease agreements that expire through 2033.

(2) Amounts in the table reflect minimum payments due for the Company's debt obligations.

Cash Flows

Cash Used in Operating Activities

Net cash used in operating activities was ($9,224,880) for the year ended December 31, 2018, a decrease of $8,612,010, or 1,505%, compared to ($612,870) for the year ended December 31, 2017. The increase in net cash used in operating activities was primarily due to inventory and biological assets.

Cash Flow from Investing Activities

Net cash from investing activities was $3,318,204 for the year ended December 31, 2018, an increase of $2,653,421, or 499%, compared to $664,783 from investing activities for the year ended December 31, 2017. The increase in net cash from investing activities was due to sale of the Pennsylvania cultivation facility for $5,478,336 during the fiscal year ended December 31, 2018.

Cash Flow from Financing Activities

Net cash provided by financing activities was $12,934,821 for the year ended December 31, 2018, an increase of $12,484,645, or 2,873%, compared to $450,176 for the year ended December 31, 2017. The increase in net cash provided by financing activities was due to the issuance of Series D Preferred Stock during the year ended December 31, 2018.

Additional Information

Outstanding Share Data:

As of December 31, 2018 and the date of this report, the Company has the following outstanding securities:

1) Common shares – 2,206,269 [issued and outstanding, not diluted] as at December 31, 2018, and 21,134,533 [same] as at the current date.

2) Share purchase warrants – 28,902 as at December 31, 2018 and 1,630,309 as at current date.

3) Stock options – 740,400 as at December 31, 2018, and 22,215,583 as at the current date.

The Company has the following warrants outstanding as at current date:

- 528,144 compensation warrants with an exercise price of $1.50, each convertible into one Subordinate Voting Share, which expire on July 20, 2020
- 339,054 advisory warrants with an exercise price of $1.50, each convertible into one Subordinate Voting Share, which expire on July 20, 2020
- 665,111 compensation warrants with an exercise price of $4.25, each convertible into one Subordinate Voting Share, which expire on March 18, 2021
- 98,000 advisory warrants with an exercise price of $4.25, each convertible into one Subordinate Voting Share, which expire on March 18, 2021

The Company has the following stock options for Common Stock Shares outstanding at the current date:

- 6,664,075 stock options outstanding with an exercise price of $0.1930 per share, expiring on January 2, 2028
- 5,100,823 stock options outstanding with an exercise price $0.3333 per share, expiring on May 1, 2023
- 4,599,742 stock options outstanding with an exercise price of $0.3333 per share, expiring on May 1, 2028
- 1,200,194 stock options outstanding with an exercise price of $0.3333 per share, expiring on October 1, 2028
- 75,012 stock options outstanding with an exercise price of $0.3333 per share, expiring on November 5, 2028
- 4,575,738 stock options outstanding with an exercise price of $0.3333 per share, expiring on December 21, 2028

Off-Balance Sheet Arrangements

As of the date of this filing, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

Management's Responsibility for Financial Information

The Company's financial statements and the other financial information included in this management report are the responsibility of the Company's management and have been examined and approved by the Company's audit committee and Board of Directors. The accompanying audited financial statements are prepared by management in accordance with IFRS and include certain amounts based on management's best estimates using careful judgment. The selection of accounting principles and methods is management's responsibility.

Management recognizes its responsibility for conducting the Company's affairs in a manner to comply with the requirements of applicable laws and established financial standards and principles, and for maintaining proper standards of conduct in its activities.

The Board of Directors supervises the financial statements and other financial information through its audit committee, which is comprised of four non-management directors.

This committee's role is to examine the financial statements and recommend that the Board of Directors approve them, to examine the internal control and information protection systems and all other matters relating to the Company's accounting and finances. In order to do so, the audit committee meets annually with the external auditors, with or without the Company's management, to review their respective audit plans and discuss the results of their examination. This committee is responsible for recommending the appointment of the external auditors or the renewal of their engagement.

Transactions Between Related Parties

During the year ended December 31, 2018 and 2017 transactions with related parties consist of:

- Salaries and wages paid to key management personnel (Kyle Kingsley, MD CEO, Aaron Hoffnung, COO, and Amber Shimpa, CFO) in the amount of $835,338 for the year ended December 31, 2018 and $600,385 for the year ended December 31, 2017.

- Share based compensation paid to key management personnel (Kyle Kingsley, MD CEO, Aaron Hoffnung, COO and Amber Shimpa, CFO) in the amount of $1,184,540 for the year ended December 31, 2018 and $Nil for the year ended December 31, 2017.

- At December 31, 2017 – $146,893 was due from related parties. These amounts are unsecured, non-interest bearing, and due on demand. These amounts were due from Dorchester Capital, LLC and its subsidiary. Dorchester Capital, LLC has substantially similar management and ownership as the Company. Kyle Kingsley, MD and Amber Shimpa are executives at the Company as well as managing members.

- On December 10, 2018, the Company closed on the acquisition of Midwest Hemp Research, LLC, in exchange for $50,000 aggregate principal of convertible promissory notes. The promissory notes bear interest at 2.76% per annum and are due on December 10, 2021 unless prepaid or converted into the Company's capital stock. As of December 31, 2018, $25,000 plus interest from December 10, 2018, through December 31, 2018, was due from the Company's subsidiary, Vireo Health, Inc., to a related party, Kyle Kingsley, pursuant to a convertible promissory note. The principal amount is $25,000, which bears interest at 2.76% per annum, and is due on December 10, 2021, unless prepaid or converted into the capital stock of the Company in accordance with the terms of the note.

The Company considers key management personnel to consist of directors and certain members of executive management.

Proposed Transaction

The Company signed a Stock Purchase Agreement ("SPA") to acquire all of the issued and outstanding shares of a Puerto Rico company, which is engaged in medical cannabis cultivation, production and sale, and has obtained pre-qualifications to obtain licenses to operate medical cannabis cultivation, manufacturing and dispensary operations in the Commonwealth of Puerto Rico. Under the terms of the SPA, the Company would pay $900,000 in cash and $900,000 in convertible debt instruments. The transaction is subject to regulatory approval by the Office of Controlled Substances and Medicinal Cannabis of Puerto Rico. In connection with the SPA, the Company paid a $25,000 non-refundable deposit.

Subsequent Transactions

Subsequent to the year ended December 31, 2018:

- On January 4, 2019, the Company completed the 100% acquisition of High Gardens, Inc. ("High Gardens"), which has licenses to cultivate and distribute cannabis in the state of Rhode Island. As consideration for the issues and outstanding shares of High Gardens, the Company paid $300,000 in cash and issued a $700,000 convertible note. As at December 31, 2018, the Company had paid a $50,000 non-refundable deposit related to the acquisition which is included in deferred acquisition costs.

- On January 29, 2019, the Company acquired a commercial property in Akron, Ohio for $550,000 in cash.

- On February 13, 2019, the Company entered into a Business Combination Agreement with Darien Business Development Corp. ("Darien"), whereby the Company agreed to complete a reverse take-over transaction whereby Darien would acquire the Company and the shareholders of the Company would become the controlling shareholders of Darien (the "Transaction"). The transaction was closed on March 18, 2019.

  In connection with the Business Combination Agreement, the Company completed a private placement and issued a total of 12,090,937 subordinate voting shares of the capital stock of the Company at a price of $4.25 per share for gross proceeds of $51,386,482. In connection with the financing, the Company paid a cash commission of $3,243,222 and a financial advisory fee of $415,000. Further, the Company issued agents warrants equal to 3% of the subscriptions issued on the Presidents List and 7% of the subscriptions issued from the remaining subscribers. The agent's warrants will be exercisable at a price of $4.25 per share for a period of two years. As at December 31, 2018, the Company had deferred financing costs of $448,480 recorded on the statement of financial position related to this financing.

- On February 27, 2019 the Company has agreed to enter into an agreement to enter into a sale and leaseback transaction for a manufacturing facility in Ohio whereby the Company plans to sell the facility for $550,000. The lease agreement is for 15 years with two options to extend for an additional five years respectively. Under the agreement, the parties' obligations to close are subject to certain conditions, not all of which have been satisfied as at the current date.

- On March 22, 2019, the Company acquired all of the equity of Elephant Head Farm, LLC and Retail Management Associates, LLC, both Arizona limited liability companies ("AZ Management Companies"). As a result of the acquisition the Company has the exclusive right to manage and control Arizona Natural Remedies, a Arizona nonprofit corporation ("ANR") with licenses to cultivate and distribute medical cannabis in the state of Arizona. The acquisition was accounted for in accordance with IFRS 3, "Business Combinations" ("IFRS 3"). As consideration, the Company paid cash of $10,500,000 and issued 16,806 multiple voting shares of the capital stock of the Company.

- On March 25, 2019, the Company acquired all of the assets of Silver Fox Management Services, LLC, a New Mexico limited liability company ("Silver Fox"). As a result of the acquisition the Company has the exclusive right to manage and control Red Barn Growers, a New Mexico nonprofit corporation ("Red Barn") with licenses to cultivate and distribute medical cannabis in the state of New Mexico. The acquisition was accounted for in accordance with IFRS 3, "Business Combinations" ("IFRS 3"). As consideration, the Company paid cash of $2,000,000 and undertook the obligation to issue 6,723 multiple voting shares of the capital stock of the Company. This issuance is pending as at the current date.

- On March 29, 2019, the Company completed the 100% acquisition of Mayflower Botanicals, Inc., a Massachusetts corporation ("Mayflower") which has licenses to cultivate and distribute cannabis in the state of Massachusetts. The acquisition was accounted for in accordance with IFRS 3, "Business Combinations" ("IFRS 3"). As consideration, the Company paid cash of $1,025,000 and issued 30,325 multiple voting shares of the capital stock of the Company. As at December 31, 2018, the Company had paid a $50,000 non-refundable deposit related to the acquisition.

- On April 5, 2019, the Company acquired 73 acres of undeveloped land in the Town of Holland, Massachusetts, for use by Mayflower to cultivate, process and sell cannabis upon completion of necessary approvals and authorizations. The purchase price was US$1,309,948.70 paid in cash.

- On April 9, 2019, the Company entered into a lease of approximately 1,035 square feet of retail real estate in Scranton, Pennsylvania, for use as a medical cannabis dispensary. The lease has a term of sixty (60) months plus the right to extend for two, three-year periods. Minimum rent:

Months 1 – 12	$1,293.75
Months 13 – 24	$1,319.63
Months 25 – 36	$1,346.02
Months 37 – 48	$1,372.94
Months 49 – 60	$1,400.00

First Extension Term (if exercised):

Months 61 – 72	$1,443.13
Months 73 – 84	$1,486.25
Months 85 – 96	$1,529.37

- On April 11, 2019, the Company completed the 100% acquisition of MJ Distributing C201, LLC and MJ Distributing P132, LLC ("MJ Distributing") which hold licenses to cultivate and distribute, respectively, medical cannabis in the state of Nevada. The Company closed in escrow pending the Department of Taxation's approval of change or ownership. The acquisition was accounted for in accordance with IFRS 3, "Business Combinations" ("IFRS 3"). As consideration, the Company paid cash of $1,500,000 and issued convertible promissory notes in the total principal amount of US$2,500,000, with maturity dates of April 30, 2021, unless sooner repaid or converted into 8,403 multiple voting shares of the capital stock of the Company, bearing interest at four percent (4%) per annum for the first six (6) months and at eight percent (8%) per annum thereafter. The Company also agreed to lease approximately 19 acres of unimproved land in Caliente, Nevada, for a one-year period, plus the right to extend for four, one-year periods. The rent for the first year of the term will be $7,500 per month and for the first extension term will be $15,000 per month. The rent for subsequent extension terms will be adjusted for increases in CPI-U. The lease contains an option to purchase the property for $717,500 at any time during the term. As at December 31, 2018, the Company had paid $550,000 in non-refundable deposits related to the acquisition.

Changes in or Adoption of Accounting Practices

The following IFRS standards have been recently issued by the IASB. The Company is assessing the impact of these new standards on future consolidated financial statements. Pronouncements that are not applicable or where it has been determined do not have a significant impact to the Company have been excluded herein.

IFRS 16, Leases

IFRS 16 *Leases*: New standard to establish principles for recognition, measurement, presentation, and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019. The Company will adopt the standard effective January 1, 2019 using a modified retrospective approach and applying the transition method that does not require adjustments to comparative periods nor require modified disclosures in the comparative periods. The company will elect the package of practical expedients to not reassess whether a contract is or contains a lease, lease classification and initial direct costs for contracts that expired or existed prior to the effective date. As the lessee to material operating leases, the standard will have a material impact on the Company's consolidated balance sheets, but will not have an impact on its consolidated statements of loss and comprehensive loss. While the adoption remains in progress, the Company expects that the most significant impact will be the recognition of right-of-use assets and lease liabilities for the Company's operating leases. The Company has completed its process to identify the population of lease arrangements and it is nearing the completion of applying the new leasing standard to each arrangement. The Company has also determined the incremental borrowing rate for each agreement.

IFRS 23, Uncertainty over Income Tax Treatments

IFRS 23 *Uncertainty over Income Tax Treatments*: New standard to clarify the accounting for uncertainties in income taxes. The interpretation provides guidance and clarifies the application of the recognition and measurement criteria in IAS 12 "Income Taxes" when there is uncertainty over income tax treatments. The interpretation is effective for annual periods beginning on January 1, 2019. The Company is currently assessing the impact of IFRIC 23 on its consolidated statements.

CRITICAL ACCOUNTING ESTIMATES

The Company makes judgements, estimates and assumptions about the future that affect the reported amounts of assets and liabilities, and revenues and expenses. 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 future periods if the revision affects both current and future periods.

The preparation of the Company's condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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 future periods if the revision affects both current and future periods.

Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the consolidated financial statements are described below.

Estimated Useful Lives and Depreciation of Property and Equipment

Depreciation of property and equipment is dependent upon estimates of useful lives, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

Biological Assets

In calculating the value of the biological assets and inventory, management is required to make a number of estimates, including estimating the stage of growth of the cannabis up to the point of harvest, harvesting costs, selling costs, sales price, wastage and expected yields for the cannabis plant. In calculating final inventory values, management is required to determine an estimated fail rate and compares the inventory cost to estimated net realizable value.

Share-based Compensation

The Company uses the Black-Scholes option pricing model to measure share-based compensation. The Company's estimate of share-based payments is dependent on measurement inputs including the share price on measurement date, exercise price of the option, volatility, risk-free rate, expected dividends, and the expected life.

Deferred Income Taxes

Deferred tax assets, including those arising from tax loss carryforwards, require management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

Impairment of Long-Lived Assets

Long-lived assets, including property and equipment, are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (CGU). The recoverable amount of an asset or a CGU is the higher of its fair value, less costs to sell, and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss by the amount by which the carrying amount of the asset exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognized previously.

Leases

The classification of a lease as an operating lease or a finance lease depends on certain estimates and judgments to determine whether substantially all the risk and rewards incidental to ownership of the leased asset have been transferred from the lessor to the lessee. The Corporation uses its best estimates and judgments, based on historical experience and the terms of the agreement, when estimating the economic life and residual value of a leased asset and determining the implicit interest rate when calculating minimum lease payments. An asset is recorded together with the related capital lease obligation. The assets under finance leases are amortized over their estimated useful lives at the same rate as other similar assets.

Financial Instruments and Financial Risk Management

The Company's financial instruments consist of cash and cash equivalents, investments, accounts payable and accrued liabilities, income tax payable, short-term notes payable and long-term debt. The carrying values of these financial instruments approximate their fair values. Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to fair value measurements. The three levels of 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 for the asset or liability that are not based on observable market data.

Financial Risk Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The board of directors of the Company mitigates these risks by assessing, monitoring and approving the Company's risk management processes.

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. Cash is held on hand and with state banks ($9,624,110 as of December 31, 2018 and $2,595,965 as of December 31, 2017), from which management believes the risk of loss is remote. The Company does not have significant credit risk with respect to customers. The Company's maximum credit risk exposure is equivalent to the carrying value of these instruments.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due.

Market Risk

Currency Risk

The operating results and financial position of the Company are reported in U.S. dollars. The results of the Company's operations are subject to currency transaction risks.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Cash and cash equivalents bear interest at market rates. The Company's financial debts have fixed rates of interest and therefore expose the Company to a limited interest rate fair value risk.

Price Risk

Price risk is the risk of variability in fair value due to movements in equity or market prices.

Other Risks

The uncertain U.S. regulatory landscape and enforcement related to cannabis.

Risks and Uncertainties

In addition to the risks and uncertainties set forth in the Company's public filings, risks and uncertainties not presently know to the Company or currently deemed immaterial by the Company, may also impair the operations of the Company. If any such risks actually occur, shareholders of the Company could lose all or part of their investment and the business, financial condition, liquidity, result of operations and prospects of the Company could be materially adversely affected and the ability of the Company to implement its growth plans could be adversely affected. The Company is subject to various risks and uncertainties that could have a material impact on the Company, its financial performance, condition and outlook.

Forward-Looking Statements

This MD&A contains "forward-looking statements" and "forward-looking information" within the meaning of Canadian securities laws ("forward-looking statements"). Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based on management's current beliefs, expectations or assumptions regarding the future of the business, future plans and strategies, operational results and other future conditions of the Company. In addition, the Company may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentation by representatives of the Company that are not statements of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," and words and expressions of similar import are intended to identify forward-looking statements. In particular, information regarding expectations for the effects of any transactions; expectations for the potential benefits of any transactions; statements relating to the business and future activities of, and developments related to, the Company after the date of this MD&A, including such things as future business strategy, competitive strengths, goals, expansion and growth of the Company's business, operations and plans; expectations that planned acquisitions will be completed. All forward-looking statements and information are based on the Company's current beliefs as well as assumptions made by and information currently available to the Company concerning anticipated financial performance, business prospects, strategies, regulatory developments, development plans, exploration and development activities and commitments. Although management considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution readers not to place undue reliance on these statements as a number of important factors could cause the actual results to differ materially from the beliefs, plans, objectives, expectations, anticipations, estimates and intentions expressed in such forward-looking statements. Risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, as applicable, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information and statements include, among others, risks relating to the concentrated Founders voting control of the Company and the unpredictability caused by the existing capital structure; U.S. regulatory landscape and enforcement related to cannabis, including political risks; risks relating to anti-money laundering laws and regulation; other governmental and environmental regulation; public opinion and perception of the cannabis industry; risks related to the ability to consummate the proposed acquisitions and the ability to obtain requisite regulatory approvals and third party consents and the satisfaction of other conditions to the consummation of the proposed acquisitions on the proposed terms and schedule; the potential impact of the announcement or consummation of the proposed acquisitions on relationships, including with regulatory bodies, employees, suppliers, customers and competitors; the diversion of management time on the proposed acquisitions; risks related to contracts with third party service providers; risks related to the enforceability of contracts; the limited operating history of the Company; reliance on the expertise and judgment of senior management of the Company; risks inherent in an agricultural business; risks related to proprietary intellectual property and potential infringement by third parties; risks relating to financing activities including leverage; the limited operating history of the Company; risks relating to the management of growth; increased costs associated with the Company becoming a publicly traded company; increasing competition in the industry; risks relating to energy costs; risks associated to cannabis products manufactured for human consumption including potential product recalls; reliance on key inputs, suppliers and skilled labor (the availability and retention of which is subject to uncertainty); cybersecurity risks; ability and constraints on marketing products; fraudulent activity by employees, contractors and consultants; tax and insurance related risks; risks related to the economy generally; risk of litigation; conflicts of interest; risks relating to certain remedies being limited and the difficulty of enforcement of judgments and effect service outside of Canada; risks related to future acquisitions or dispositions; sales by existing shareholders; the limited market for securities of the Company; limited research and data relating to cannabis; as well as those risk factors discussed elsewhere herein and in the listing statement of the Company dated March 19, 2019 available under the Company's profile on www.sedar.com.