## 1.1 Date and Introduction

This Management's Discussion and Analysis ("MD&A") is intended to help the reader understand the financial statements of Maple Leaf Green World Inc., referred to as "Maple Leaf" or the "Company". The information herein should be read in conjunction with the unaudited consolidated condensed interim financial statements for the three and six months ended June 30, 2017 and the audited consolidated financial statements for the year ended December 31, 2016 and related notes thereto. The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

This MD&A is dated August 29, 2017, and was prepared by management of the Company. The board of directors of the Company approved this MD&A on August 29, 2017.

Unless otherwise indicated, in this MD&A all references to "dollar" or the use of the symbol "$" are to the Canadian dollar.

This MD&A has been prepared by reference to the MD&A disclosure requirements established under National Instrument 51-102 - *Continuous Disclosure Obligations* ("NI 51-102") of the Canadian Securities Administrators. Additional information relating to Maple Leaf is available on SEDAR at www.sedar.com and on Maple Leaf's website at http://www.mlgreenworld.com.

*Except for statements of historical fact relating to the Company, certain information contained herein constitutes forward-looking statements. This MD&A contains forward-looking statements which reflect management's expectations regarding Maple Leaf's future growth, results of operations, performance, business prospects and opportunities. Words such as "expects", "anticipates", "intends", "plans", "believes", "estimates", "seek", "could", or similar expressions, are forward-looking statements within the meaning of securities laws. By their nature, forward-looking statements are subject to numerous risks and uncertainties, including those discussed below. You are cautioned that the assumptions used in the preparation of forward-looking information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. Certain statements in this MD&A constitute forward-looking statements based on management's expectations, estimates and projections, including, without limitation, statements concerning possible or assumed future results of operations of Maple Leaf, the Company's business or financial objectives, its strategies or future actions, its product testing and revenue models, the use of capital and proceeds including plans to fund short-term cash requirements, anticipated regulatory approvals, its plans for international expansion, expected contractual obligations and lease obligations and expectations for financial conditions. These statements are not historical facts but instead represent only Maple Leaf's expectations, estimates and projections regarding future events. These statements are not guarantees of future performance and involve assumptions and risks and uncertainties that are difficult to predict. Therefore, actual results may differ materially from what is expressed, implied or forecasted in such forward-looking statements. In addition to the factors that Maple Leaf currently believes to be material such as, but not limited to, its position to consider licensed business opportunities in Canada to grow top quality cannabis to pursue the medical cannabis business, the timing required to obtain such licenses, its ability to obtain adequate working capital, its ability to secure purchase contracts relating to its various operations, its ability to capitalize on opportunities available to the Company, other development trends within the agricultural and pharmaceutical industries, expansion and growth of Maple' Leaf's business and operations, government and regulatory developments including availability of requisite licenses and the Company's compliance with relevant medical cannabis regulations, and any changes thereof; its ability to successfully cultivate and market effective products, including cannabis with sufficient levels of Cannabidiol (CBD), tetrahydrocannabinol (THC) or other Phyto cannabinoids, its ability to attract and retain qualified personnel, its reliance on joint venture partners, authorized intermediaries, key customers, suppliers and third party service providers, its ability to operate its production facilities on a profitable basis, changes in currency exchange rates and interest rates, evaluation of its provision for income and related taxes, as well as other factors, such as general, economic and business conditions and opportunities available to or pursued by Maple Leaf, which are not currently viewed as material but could cause actual results to differ materially from those described in the forward-looking statements. Although Maple Leaf has attempted to identify important risks and factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors and risks that cause actions, events or results not anticipated, estimated or intended. Accordingly, readers should not place any undue reliance on forward-looking statements as such information may not be appropriate for other purposes.*

## 1.2 Business Overview and Development

Maple Leaf is incorporated in Alberta, Canada, with common shares listed on the TSX Venture Exchange under the ticker symbol MGW. The corporate office is located at 2916B 19 Street NE, Calgary, Alberta. In October 2012, Maple Leaf changed its name to Maple Leaf Green World Inc. from Maple Leaf Reforestation Inc.

Maple Leaf, along with its subsidiaries, focuses on the cannabis industry in North America. The Company is currently devoting substantially all of its efforts to seek medical cannabis opportunities, including obtaining a license to produce and sell cannabis (the "License") from Health Canada pursuant to the *Access to Cannabis for Medical Purposes Regulations* ("ACMPR"). Maple Leaf is also engaged in medical cannabis operations in the States of California and Nevada in the USA.

### 1.2.1 Medical Cannabis

#### 1.2.1(a) Canadian Medical Cannabis

Since March 2014, the Company has been devoting substantial efforts to seek opportunities to obtain a license to produce and sell cannabis from Health Canada pursuant to ACMPR.

In April 2014, the Company entered into an agreement with Woodmere Nursery Ltd. ("Woodmere"), a private company of which a director and officer of the Company is a shareholder, to lease 80,000 square feet of greenhouse space, located in Telkwa, British Columbia, at $3 per square foot per annum from Woodmere in order to cultivate cannabis plants if the Company obtains the License. Currently, the Company is in the process of formalizing an agreement with Woodmere to revise the original leasing agreement from a lease of the greenhouse facility to a lease of land situated on the premises.

In July 2014, the Company submitted an application for the License pursuant to the Marihuana for Medical Purposes Regulation ("MMPR"), which was succeeded by the ACMPR on August 24, 2016.

In January of 2017, the Company received notice from Health Canada that its application had progressed to the review stage, which is Stage 5 of the seven stage process established under the ACMPR.

In May 2017, the Company engaged Paramount Structures Inc. ("Paramount") as the procurement, engineering, and construction manager for its cannabis cultivation facilities at Telkwa, British Columbia (the "BC Facility"). Paramount is responsible for the total design and construction of the BC Facility, including labour, materials, equipment, and services provided or to be provided by Paramount. In June 2017, Paramount commenced construction on the BC Facility and the Company made a deposit payment of $1,102,500 to Paramount.

In August 2017, the Company submitted an abridgement application (the "Abridgement Application") to Health Canada for a License to produce and sell cannabis under ACMPR. The Abridgement Application is an update and revision of the Company's original application for the License under MMPR as MMPR was succeeded by the ACMPR on August 24, 2016. The Abridgement Application provides an updated general description of the BC Facilityand outlines certain revisions to the Company's original License application.

The Company's objective is to acquire the License and facilities to grow pesticide-free, top quality cannabis from contamination-free soil. However, Health Canada has not published any standards or timelines regarding the length of time for approval of license applications under the ACMPR. Therefore, the timeline for grant of the License by Health Canada is uncertain and cannot be estimated since the Company is still in an early stage in the license application process. There is no assurance that the Company will be qualified to obtain the License. Additionally, there is no assurance that the Company will be able to acquire the required financing, assets or personnel to grow medical cannabis.

#### 1.2.1(b) US Medical Cannabis

#### 1.2.1(b)(i) California Medical Cannabis

In September 2014, the Company engaged Mr. Brian Patterson, Mr. Marc Montoya, and Mr. Dillon Patterson to develop a cannabis production site (the "California Site") in California, USA as part of the Company's business strategy.

In October 2014, the Company entered into a Letter of Intent ("LOI") to form a Joint Venture Agreement with Emerald Farm Collective (the "Collective") to provide access to the California Site and consulting services for the Collective, which is incorporated with the California Secretary of State as a non-profit mutual benefit corporation, and is a medical cannabis collective operated for and by qualified patients, with about 250 lawful membership patients ("Members"). The Collective is obligated to supply its Members with quality cannabis for a discounted price. Under the *Medical Marijuana Program Act* of California, the Collective is allowed to grow 6 plants for each of its Members. Under the LOI, the Company would build a growing facility ("Facility") of 6 cold frames (unheated greenhouses) in Southern California with the capacity to house about 400 cannabis plants in two (2) phases. The Facility would be leased to the Collective after completion of the first phase but remains under the ownership of Maple Leaf. The Collective and the Company subsequently agreed to reorganize their joint venture by dividing it into two separate agreements, the terms of which supersede the LOI and are summarized below:

*Lease & Property Agreement*

- Maple Leaf (through its wholly owned subsidiary, Golden State Green World LLC) is to secure (by lease or purchase) the California Site and construct the Facility comprising up to four (4) cold frame greenhouses on the California Site with capacity to grow enough medical cannabis plants to meet the medical needs of the Members.

- The construction of the Facility will be staged by two phases, with the 1st phase for two (2) cold frames (1 for flowering and one for propagating and storage) starting in early 2015 and the 2nd phase for two (2) additional cold frames starting in 2016.

- Maple Leaf shall be responsible for funding capital costs for the acquisition of the California Site and the construction of the Facility, which were estimated at US$500,000 in aggregate.

- Upon any portion of the Facility becoming fully operational, all responsibility for day to day operations will be transferred to the Collective, at which time Maple Leaf shall only be responsible for: (i) matters relating to the Facility's construction; and (ii) providing consulting services under the Consulting Services Agreement described below.

- As soon as the Collective assumes responsibility for operating the Facility, the Collective will pay rent at a rate of US$15,000 per cold frame per month (US$30,000 for two cold frames). It is anticipated that the initial rent shall be due and payable when the Collective makes its first product shipment and thereafter, on a quarterly basis.

- The parties have agreed that the initial term of the proposed sublease for the California Site will be for ten years with an option to renew for another 10-year term upon expiry of the initial term.

*Consulting Services Agreement*

- After the Collective assumes responsibility for the day to day operation of the Facility, Maple Leaf has agreed to provide consulting services which may include, but are not limited to, advice and information pertaining to all aspects of cannabis cultivation, processing, manufacturing, packaging, transportation and distribution. Additionally, Maple Leaf may advise the Collective on strategies for yield and quality maximization.

- In consideration of such consulting services, the Collective has agreed to pay a base consulting fee of $25,000 a month to Maple Leaf for its consulting services. It is expected that the initial payment for consulting fees will be due and payable upon the initial shipment of cannabis products by the Collective to its Members and thereafter, on a quarterly basis.

- If, through the consulting services provided by Maple Leaf, the Collective is able to achieve an average (mean) yield of 2lbs per plant, the base consulting fee will increase by 20%. An additional 10% will be added to the consulting fee for every pound added to the average (mean) plant yield up to a maximum consulting fee of US $60,000 per month.

- The consulting fees and the services provided will be reviewed and adjusted, as required, by the parties on an annual basis.

Maple Leaf was required to secure the necessary financing to acquire the California Site and commence construction of the Facility within four months (the "Financing Period") after execution of the above agreements. The Collective committed not to deal with any other parties regarding the supply of medical cannabis until the expiration of the Financing Period.

In March of 2015, the Company's wholly owned subsidiary, Golden State Green World LLC, entered into an agreement to purchase approximately 20 acres of land in southern California for an aggregate purchase price of US$120,000. The Company paid USD$15,000 in cash, with the balance payable by way of a promissory note secured by a Deed of Trust and bearing interest at the rate of 6% per annum. The maturity date on the promissory note is March 1, 2020. This land in California will serve as the California Site. With each cold frame measuring about 3,000 square feet, the California Site is large enough to accommodate future expansion (by way of additional cold frame greenhouses) should the demand from the Collective increase beyond current levels.

In March 2016, the Company received approval from the county office to complete installation of the greenhouse. The tent cover and all necessary growing equipment were installed. Cannabis plants were flourishing in a rented greenhouse (the "Rental Facility") near the California Site.

In May 2016, the Company received a seller's permit and resale certificate from the Board of Equalization of the State of California. In July of 2016, a second cannabis crop was started in the Rental Facility.

In August 29, 2016, the Collective started harvesting its first crop. In December of 2016, the Collective finished the harvesting of its first two crops. The Collective reported total production of 300 pounds ("lbs"), comprised of i) 200 lbs of Early Indica and Late Sativa, and ii) 100 lbs of five other high quality strains of cannabis. These production results were 50% higher than the Company's original expectations of 100 lbs per crop per greenhouse.

Pursuant to the agreements with the Collective, the Company rented the green house to the Collective and started to charge a lease fee and a consulting fee since October 2016.

During the three and six months ended June 30, 2017, the Company recorded a consulting fee of $nil and $99,825 (same prior year periods - $nil) and lease fee of $nil and $119,790 (same prior year periods - $nil) from the Collective based on the Lease and Property Agreement and Consulting Service Agreement. The Company did not charge lease fee and consulting fee during the three months ended June 30, 2017. The Company did not receive payment of $490,032 from

Emerald subsequent to March 31, 2017 and agreed with the Collective to postpone the lease and consulting fee payment obligations for the period of April 1, 2017 to 2018.

In October 2016, the Company began reviewing several parcels of land to determine their suitability for the Company's potential plans in San Diego County. In November 2016, the Company's application for a cultivation permit in San Diego was progressed to the stage of securing a 2.5-acre parcel of land with 20,000 square feet greenhouse and a single dwelling. The Company currently awaits for the legalization of medical cannabis cultivation facilities in San Diego County prior to commencement of any operations in San Diego County.

**1.2.1(b)(ii) Nevada Medical Cannabis**

In November 2016, the Company signed a Letter of Intent (the "Nevada LOI") with BioNeva Innovations of Henderson LLC ("BioNeva") to purchase a cultivation permit for a 33,500 sq. ft. indoor facility (the "Permit") issued by the State of Nevada, and located in the city of Henderson, Nevada, located 16 miles from Las Vegas (the "Old Nevada Site"). Under the terms of Nevada LOI, Maple Leaf agreed to purchase the Permit from BioNeva for US$500,000. BioNeva agreed to transfer the Permit to Maple Leaf within 30 days. In addition, Maple Leaf has agreed to engage a primary member of BioNeva, Bill Monroe, as a consultant to assist the Company with the transfer of the Permit and subsequently, to guide the development of Maple Leaf's operations in Nevada.

In January 2017, the Company entered into a formal purchase agreement to purchase the a new site in the City of Henderson, Nevada (the "New Nevada Site") comprising approximately four acres of land in Henderson, Nevada for US$875,000. The New Nevada Site is twice as large as the Old Nevada Site used by BioNeva and its only 2 blocks away from the Old Nevada Site. The Company expects that the proximity of the New Nevada Site to the Old Nevada Site will increase the likelihood that the City of Henderson will approve the transfer of the Permit to the New Nevada Site and so BioNeva and the Company agreed to make a transfer application of the Permit from the Old Nevada Site to the New Nevada Site. The Company also agreed with BioNeva to complete its acquisition of the Permit by the acquisition of 100% of the shares of BioNeva.

In February 2017, the Company received a Distance Separation Analysis ("DSA") from the City of Henderson with respect to the New Nevada Site as a Medical Marijuana Establishment – Cultivation Facility. The New Nevada Site was reviewed by City of Henderson staff for compliance with the City of Henderson Title 19 – Medical Marijuana Establishment Distance Separation Requirements as listed in Table 19.5.5-2 of the Henderson Development Code. Based on the findings in the DSA, the New Nevada Site satisfies the minimum separation standards for protected uses and would be suitable for a Medical Marijuana Establishment – Cultivation Facility within the City's boundaries. The New Nevada Site meets the minimum buffer distance from protected uses as defined in NRS 453A and Chapter 19 of the City of Henderson Municipal Code. In management's view, the DSA is the most important step in transferring the Permit to the New Nevada Site. As the DSA has been completed, the next steps would require the Company to submit its building plans to the City of Henderson for approval of a Conditional Use Permit ("CUP"). If the Company is successful in obtaining a CUP, it can begin construction on the cannabis cultivation facility on the New Nevada Site. Once the transfer of the Permit to the New Nevada Site is completed, the Company is expected to proceed with finalizing its acquisition of the Permit through the purchase of 100% of the shares of BioNeva.

In March 2017, the Company made the payment of US$875,000 to acquire the New Nevada Site, and the title of the land was transferred to the Company's wholly subsidiary in April 2017.

In May 2017, the Company engaged Paramount for the design, engineering and construction of its Cannabis cultivation facilities at the New Nevada Site (the "**Nevada Facility**"). The Company intends to develop the 33,500 sq. ft. facility by two phases, with the first phase of 20,000 sq. ft. to be started immediately and the next phase to be completed after the operation has been streamlined.

In June 2017, the Company and BioNeva jointly submitted a Medical Marijuana Establishment Certificate (the "Nevada Permit") transfer application (the "Transfer Application") to the City of Henderson, Nevada , pursuant to which officials from the City of Henderson would consider the transfer of the Nevada Permit from the Old Nevada Site to the New Nevada Site. The Transfer Application includes the requisite documents for such application, including architectural blueprints prepared by a U.S. architecture company for Maple Leaf's proposed cannabis production site, the Nevada Facility. Once approved by the Council, the Company expects to commence ordering materials and securing construction contracts for development on the Nevada Site. The Company expects to finish construction of the Nevada Site by the end of 2017.

## 1.3 Annual Financial Results

The following tables set forth selected operational results for the three most recently completed fiscal years in accordance with IFRS:

| | Year ended December 31, | | |
|---|---|---|---|
| | **2016** | 2015 | 2014 |
| Total assets | **$ 1,327,340** | $ 443,600 | $ 83,850 |
| Shareholders' equity | **945,728** | (137,623) | (277,489) |
| Divident declared | **-** | - | - |
| Revenue | **218,592** | - | - |
| Operting expenses | **(1,918,393)** | (635,271) | (361,800) |
| Other items | **207,061** | 34,940 | - |
| Net loss | **(1,492,740)** | (600,331) | (361,800) |
| Basis and diliuted loss per share | **$ (0.010)** | $ (0.01) | $ (0.00) |

## 1.4 Quarterly Financial Results

| | Quarter ended | | | |
|---|---|---|---|---|
| | **June 30, 2017** | March 31, 2017 | December 31, 2016 | September 30, 2016 |
| Revenue | **$ -** | $ 219,615 | $ 218,592 | $ - |
| Operating expenses | **(412,212)** | (394,620) | (685,483) | (211,277) |
| Other items | **5,525** | 9,296 | 186,898 | 6,596 |
| Net loss | **(406,687)** | (165,709) | (279,993) | (204,681) |
| Loss per share | **(0.00)** | (0.00) | (0.00) | (0.00) |

| | Quarter ended | | | |
|---|---|---|---|---|
| | June 30, 2016 | March 31, 2016 | December 31, 2015 | September 30, 2015 |
| Revenue | $ - | $ - | $ - | $ - |
| Operating expenses | (910,076) | (111,557) | (275,935) | (105,152) |
| Other items | 6,786 | 6,787 | 8,921 | 10,882 |
| Net loss | (903,290) | (104,770) | (267,014) | (94,270) |
| Loss per share | (0.01) | (0.00) | (0.01) | (0.00) |

In management's view, the expenses incurred by the Company are typical of a development company that has not yet established its principal operation or reached operating capabilities. The Company`s expenditures fluctuate from quarter to quarter mainly related to its activities related to establishing and developing its operations during the respective quarter**.**

## 1.5 Results of Operations

**Net loss** during the three months ended June 30, 2017 (Q2 2017) was $406,687, a decrease of $496,603 or 54%, compared to the loss of $903,290 during the three months ended June 30, 2016 (Q2 2016). The decrease was mainly due to a decrease of $698,143 share-based compensation expenses offset by an increase of $118,810 consulting fees.

**Net loss** during the six months ended June 30, 2017 was $572,396, a decrease of $435,664 or 43%, compared to the loss of $1,008,060 in same prior year period. The decrease was mainly due to an increase of $219,614 revenue and a decrease of $214,801 operating expenses.

**Revenue** in Q2 2017 was $nil (Q2 2016 - $nil). The Company did not receive payment of $490,032 from Emerald subsequent to March 31, 2017, and agreed with the Collective to postpone the lease and consulting fee payment obligations from April 1, 2017 until 2018 [

**Revenue** for the six months ended June 30**,** 2017 was $219,615 (same prior year period - $nil), which comprised the consulting fee of $99,825 and leasing fee of $119,790 from the California cannabis operations recorded in the first quarter of 2017 as per the Lease & Property Agreement and Consulting Services Agreement.

**Operating expenses** in Q2 2017 were $412,212, a decrease of $497,864 compared to the operating expenses of $910,076 in Q2, 2016, and mainly included the following:

- Share-based compensation of $4,660 (Q2 2016 - $702,803), which was mainly the amortization expenses based on the vesting schedule for options granted in 2016.
- Professional fee of $38,098 (Q2 2016 - $24,576), which include legal, audit and accounting fees, and such expenditures fluctuated along the fluctuation of activities to seek opportunities in the medical cannabis business in Canada and the United States and the complexity of such activities.
- Management remuneration of $30,000 (Q2 2016 - $22,500), which is the compensation of the Chief Executive Office of the Company, and the increase was mainly due to the increase of pay rate.
- Consulting fee was $183,139, an increase of $118,810 or 185%, compared to consulting fee of $64,329 in Q2 2016, and the increase was mainly due to the additional consulting activities for licensing and other costs related to the medical cannabis business of the Company in Canada and the United States as well as the increase of pay rate.
- Office expense was $9,060 office expense (Q2 2016 - $18,471) and the decrease was mainly due to the timing difference for administrative expenditures incurred.
- Shareholder information and promotion was $36,259, an increase of $29,236, compared to $7,023 in Q2 2016. The increase was mainly due to the Company's promotion activities to seek listing of the common shares on OTCQB Venture Market in the US. Shareholder information and promotion is normally related to the news wire services and annual shareholders' meeting costs and fluctuated along with the level of such services required by the Company and regulatory requirements to communicate the business development of the Company to its shareholders and potential investors.
- Rent was $12,940 (Q2 2016 - $12,592), which is related to the lease with respect to Maple Leaf's head office and the fluctuation is mainly due to the operating charges of the lease allocated to the Company.
- Filing and transfer agent fee was $34,540 (Q2 2016 - $6,727), which is related to the regulatory filing expenses and the services provided by the transfer agent, and such expenses are fluctuated along with the fluctuation of investor relation and financing activities.
- Travel and promotion was $4,347 (Q2 2016 - $10,471), and the decrease was mainly due to less travels to visit and manage the medical cannabis business in the United States.
- Meals and entertainment was $10,625 (Q2 2016 - $3,683).
- Interest and bank charges were $2,833 (Q2 2016 - $2,982), which is related to banking activity fee and interest arising from the denominated US dollars and its fluctuation is mainly along with the fluctuation of US dollars against Canadian dollars.
- Telephone expense was $3,181 compared to the expense of $2,982 recorded in the Q2 2016.
- Foreign exchange loss was $37,799 (Q2 2016 - $30,333). The loss recorded was mainly due to the conversion of CAD into USD to meet the US operation requirements and the revaluation of cash balance held in US dollars.

- Property tax of $nil property tax (Q2 2016 - $976), which is related to the greenhouse in California.
- Depreciation and amortization was $4,731 (Q2 2016 - $102).

**Operating expenses** during the six months ended June 30, 2017 were $806,832, a decrease of $218,801 compared to the operating expenses of $1,021,633 in the same prior year period, and mainly included the following:

- Share-based compensation of $85,324 (same prior year period - $nil), which was mainly the amortization expenses based on vesting schedules for options granted in 2016.
- Professional fee of $63,084 (same prior year period - $30,581), which include legal, audit and accounting fees, and such expenditures fluctuated along the fluctuation of activities to seek opportunities in the medical cannabis business in Canada and the United States and the complexity of such activities.
- Management remuneration of $60,000 (same prior year period - $22,500), which is the compensation of the Chief Executive Office of the Company, and the increase was mainly due to the increase of pay rate.
- Consulting fee was $249,856, an increase of $131,219 compared to consulting fee of $118,637 in same prior year period, and the increase was mainly due to the additional consulting activities for licensing and other costs related to the medical cannabis business of the Company in Canada and the United States.
- Office expense was $62,527 office expense (same prior year period - $44,584) and the increase was mainly due to the increase of administrative activities related to its medical cannabis business in the Canada.
- Shareholder information and promotion was $124,372, an increase of $116,775 compared to $7,597 in same prior year period. The increase was mainly due to the Company's promotion activities to seek listing of the common shares on OTCQB Venture Market in the US. Shareholder information and promotion is normally related to the news wire services and annual shareholders' meeting costs and fluctuated along with the level of such services required by the Company and regulatory requirements to communicate the business development of the Company to its shareholders and potential investors.
- Rent was $25,812 (same prior year period - $24,852), which is related to the lease with respect to Maple Leaf's head office and the fluctuation is mainly due to the operating charges of the lease allocated to the Company.
- Filing and transfer agent fee was $47,223 (same prior year period - $6,740), which is related to the regulatory filing expenses and the services provided by the transfer agent, and such expenses are fluctuated along with the fluctuation of investor relation and financing activities.
- Travel and promotion was $9,707 (same prior year period - $11,310), and the increase was mainly due to more travels to visit and manage the medical cannabis business in the United States.
- Meals and entertainment was $20,670 (same prior year period - $6,263). The increase was mainly due to the shareholders' information session the Company hosted in Alberta during the current quarter.
- Interest and bank charges were $5,371 (same prior year period - $4,920), which is related to banking activity fee and interest arising from the denominated US dollars and its fluctuation is mainly along with the fluctuation of US dollars against Canadian dollars.
- Telephone expense was $4,480 compared to the expense of $4,676 recorded in the same prior year period.
- Foreign exchange loss was $36,188 (same prior year period - $12,411). The loss recorded was mainly due to the conversion of CAD into USD to meet the US operation requirements and the revaluation of cash balance held in US dollars.
- Property tax of $2,803 property tax (same prior year period - $976), which is related to the greenhouse in California.
- Depreciation and amortization was $9,415 (same prior year period - $283).

**Other items** in Q2 2017 included other income of $5,525 (Q2 2016 - $6,786), which was mainly the income arising from the sublease of the Company's Alberta office.

**Other items** for the six months ended June 30, 2017 included other income of $14,821 (same prior year period - $13,573), which was mainly the income arising from the sublease of the Company's Alberta office.

### 1.6 Liquidity and Capital Resources

### 1.6.1 Working Capital

As at June 30, 2017, the Company had working capital of $5,452,337 (December 31, 2016 - $700,871). As at June 30, 2017, cash increased by $4,359,128 to $5,025,591 as a result of cash from financing activities of $7,492,434 offset by cash used in operating activities of $884,852 and investing activities of $2,247,032.

Management recognizes that the ability of the Company to continue as a going concern is dependent upon its ability to raise adequate financing from shareholders and other investors, and to achieve profitable operations in the future. Based on the cash position as at June 30, 2017, the Company expects its current working capital is sufficient to meet its obligations and operation needs during the next twelve months.

The Company has historically been successful in raising capital by way of the issuance of common shares or convertible securities, and is continuously seeking and considering financing options and reviews available opportunities to raise additional funds through private placements and debt financing.

In May 2017, the Company closed a private placement and raised gross proceeds of $7,268,838.50 by issuance of 13,216,070 units ("Units") at a price of $0.55 per Unit. Each Unit consists of one common share of the Company and one common share purchase warrant. Each warrant is exercisable into one common share of the Company at a price of $0.85 per share until May 4, 2019. Finder's fee of $194,904 was paid in connection of this private placement.

### 1.6.2 Cash flow

**Operating activities** in Q2 2017 used cash of $493,585 (Q2 2016 - $430,455). Before changes in non-cash working capital, cash used in operations was $395,695 (Q2 2016 - $198,901), and the increase was because the Company incurred more cash expenditures in the current quarter.

**Operating activities** for the six months ended June 30, 2017 used cash of $884,852 (same prior year period - $376,010). Before changes in non-cash working capital, cash used in operations was $479,256 (same prior year period - $301,945), and the increase was because the Company incurred more cash expenditures in the current period.

**Investing activities** in Q2 2017 used cash $1,076,845 (Q2 2016 - $4,948), which was mainly the deposit paid to design and construct the BC Facility.

**Investing activities** during the six months ended June 30, 2017 used cash $2,247,032 (same prior year period - $106,944), which included $2,770 for equipment acquisition, $1,141,762 for the acquisition of a piece of land for its Nevada's cannabis business, and $1,102,500 deposit for the design, engineering, and construction of the BC Facility. The cash used in the prior year period was mainly the land improvement and greenhouse construction expenditures related to its medical cannabis business in California, USA.

**Financing activities** in Q2 2017 generated cash $3,251,324 (Q2 2016 - $608,150), which included net proceeds of $3,213,824 for share unit subscription (Q2 2016 - $608,150), and $37,500 from warrants exercised (Q2 2016 - $nil).

**Financing activities** during the six months ended June 30, 2017 generated cash $7,492,434 (same prior year period - $608,150), which included net proceeds of $7,073,934 for share unit subscription (same prior year period - $nil), and $418,500 from warrants exercised (same prior year period - $nil).

### 1.6.3 General Contractual Commitments and Contingency

The Company has renewed a lease with respect to its head office until October 31, 2017. The Company is required to pay basic monthly rent plus allocated operating charges and property tax. The basic monthly rent is as follows:

- $2,750 from November 1, 2014 to October 31, 2015
- $2,831 from November 1 2015 to October 31, 2016

- $2,912 from November 1, 2016 to October 31, 2017.

During the three and six months ended June 30, 2017, the Company recorded rent expenses of $12,940 and $25,812 (same period year periods - $12,592 and $24,852).

The Company has sub-leased some office space to offset the costs of the lease. During the three and six months ended June 30, 2017, a total of $5,525 and $14,821 (same prior year periods - $6,786 and $13,573) sub-lease revenue was recorded as portion of other income. The deposits of $11,146 (December 31, 2016 - $11,146) collected from the sub-lease tenants are due on termination of the sub-lease agreement.

## 1.7 Transactions with Related Parties

Related party transactions are in the normal course of operations and are measured at the fair value of consideration paid. Related party transactions also disclosed in note 5, Notes Payable, above.

The Company has identified its directors and executive staff as key management personnel. Compensation to key management, including fees paid to companies controlled by directors and officers for their services provided, is follows:

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | **2017** | **2016** | **2017** | 2016 |
| Management remuneration | **$ 30,000** | $ 22,500 | **$ 60,000** | $ 45,000 |
| Consulting fee | **15,000** | 9,000 | **30,000** | 18,000 |
| Total | **$ 45,000** | $ 31,500 | **$ 90,000** | $ 63,000 |

As at June 30, 2017, a total of $14,347 (December 31, 2016 - $18,633) payable to key management remained outstanding and is included in accounts payable and accrued liabilities on the consolidated statements of financial position. Amounts are non-interest-bearing and are due on demand. The Company's employment agreement with one officer would entitle that officer to compensation of $120,000 upon termination.

As at June 30, 2017, an amount of $526,895 (December 31, 2016 - $250,486) included in other receivable is due from an entity, where a member of key management is also an officer, which consists of leasing fee of $239,580 (December 31-, 2016 - $119,232), consulting fee of $199,650 (December 31, 2016 - $99,360), and reimbursement expenditures of $87,665 (December 31, 2016 - $31,894).

In 2015, the Company's wholly-owned subsidiary, Golden State Green World LLC, entered into an agreement to purchase approximately 20 acres of land in southern California for an aggregate purchase price of US$120,000. The Company paid US$15,000 in cash and issued a promissory note in the amount of US$105,000 secured by a Deed of Trust to an unrelated party and a member of key management with each individual having an undivided 50% interest in the notes payable. The note bears interest at the rate of 6% per annum and matures on March 1, 2020. As at June 30, 2017, the carrying value of the note payable is $136,259 (US$105,000) (December 31, 2016 - $140,984 (US$105,000)), and interest of $2,777 (US$2,144) (December 31, 2016 - $5,023 (US$3,758)) on the note payable remains outstanding.

## 1.8 Proposed Transactions

With the exception of the information provided in item 1.2 - Business Overview and Development above, the Company is not a party to any proposed transaction that may have an effect on its financial position, its financial performance or cash flows which the management believes would require the intervention or approval of the Board of Directors of the Company.

## 1.9 Critical Accounting Policies and Estimates and New Accounting Standards

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported on the consolidated financial statements. These critical accounting estimates represent management estimates that are uncertain and any changes in these estimates could materially impact the Company's financial statements. Management continuously reviews its estimates and assumptions using the most current information available. The Company's critical accounting policies and estimates are described in Note 2 of the unaudited condensed consolidated financial statements as of and ended June 30, 2017 and in the Note 4 of the audited consolidated financial statements as of and ended December 31, 2016.

The accounting standards and interpretations that are issued but not yet effective listed below are those that the Company reasonably expects will have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt these standards and interpretations, if applicable, when they become effective, and is currently assessing the impact, if any, on the financial statements.

***IFRS 9 Financial Instruments***

IFRS 9 was issued by the IASB on July 24, 2014 and will replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 utilizes a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. 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. Final amendments released on July 24, 2014 also introduce a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company is currently evaluating the impact the final standard and amendments on its consolidated financial statements.

***IFRS 15 Revenue from Contracts with Customers***

IFRS 15 was issued by the IASB in May 2014 and will replace IAS 18 *Revenue*, IAS 11 *Construction Contracts* and related interpretations on revenue. IFRS 15 establishes principles to address the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Companies can elect to use either a full or modified retrospective approach when adopting this standard and it is effective for annual periods beginning on or after January 1, 2018. The Company is in the process of analyzing IFRS 15 and determining the effect on our consolidated financial statements as a result of adopting this standard.

***IFRS 16 Leases***

IFRS 16 was issued by the IASB in January 2016 and will replace IAS 17 *Leases* and related interpretations. IFRS establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating of finance. IFRS 16 is effective for annual periods beginning on or after January 1, 2019 with earlier application permitted if IFRS 15 has also been applied. 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. The Company is in the process of analyzing IFRS 16 and determining the effect on our consolidated financial statements as a result of adopting this standard.

## 1.10 Fair Value Measurements

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment, and therefore, cannot be determined with precision. Changes in assumptions could significantly affect estimates. Management assessed that the fair value of cash, accounts payable and accrued liabilities, and interest payable approximates their carrying amounts largely due to the short-term maturities of these instruments, and the fair value of the notes payable approximates its face value as any interest arising from the notes payable is required to be paid to the holder monthly.

The following table provides the quantitative disclosures of fair value measurement hierarchy of the Company's financial assets and liabilities measured on recurring basis.

| | **June 30, 2017** | | | December 31, 2016 | | |
|---|---|---|---|---|---|---|
| | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (level 3) |
| **Assets and liabilities measured at fair value** | | | | | | |
| Cash | **$ 5,025,591** | **$ -** | **$ -** | $ 666,463 | $ - | $ - |
| Other receivable | **551,895** | **-** | **-** | 250,486 | - | - |
| Notes payable | **-** | **136,259** | **-** | - | 140,984 | - |

There was no transfer between fair value levels during the reporting period.

## 1.11 Financial Instruments and Related Risks

The Company manages its exposure to key financial risk in accordance with the Company`s financial risk management framework. The objective of the framework is to protect the Company`s future financial security. The main risks that could adversely affect the Company`s financial assets, liabilities or future cash flows are liquidity risk, credit risk and market risk, which comprising foreign exchange rate risk, interest rate risk, and metal price risk. The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and reviews the Company's policies on an ongoing basis. Currently, the Company does not apply any form of hedge accounting.

### a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk primarily associated to other receivable and cash. The carrying value of the financial assets represents the maximum credit exposure.

The Company undertakes credit evaluations on counterparties as necessary and has monitoring processes intended to mitigate credit risks. The Company has not yet recognized any provision for other receivable as of June 30, 2017.

### b) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. As at June 30, 2017, the Company has $5,025,591 cash on hand (December 31, 2016 - $666,463) and working capital of $5,452,337 (December 31, 2016 - $700,871).

Based on the contractual obligations of the Company as at June 30, 2017, cash outflows of those obligations are estimated and summarized as follows:

| | Payment Due by Period | | | |
|---|---|---|---|---|
| | Less than 1 year | 1 - 3 years | After 3 years | Total |
| Accounts payable and accrued liabilities | $ 207,488 | $ - | $ - | $ 207,488 |
| Interest payable | 2,777 | - | - | 2,777 |
| Notes payable | - | - | 136,259 | 136,259 |
| Lease rental obligations | 11,648 | - | - | 11,648 |
| | **$ 221,913** | **$ -** | **$ 136,259** | **$ 358,172** |

**c) Market risk**

The significant market risks to which the Company is exposed are interest rate risk and currency risk.

(i) Interest rate risk

Interest rate risk consists of two components:

- To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

- To the extent that changes in prevailing market rates differ from the interest rates in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company is exposed to interest rate price risk on its note payable which bears a fixed coupon rate of 6% per annum, as the prevailing market interest rate may differ from the interest rate of the debt. However, fluctuations in market rates would have to be significant to have a material effect on the Company's operations; therefore, the Company's exposure to interest rate cash flow risk on the note payable is minimal.

(ii) Currency risk

Canadian Dollar is the reporting currency of the Company and the functional currency for its corporate office in Canada while USD is the functional currency of its subsidiary in the United States. The Company is exposed foreign currency risk when the Company undertakes transactions and holds assets and liabilities denominated in foreign currencies other than its functional currencies.

The Company currently does not manage currency risk through hedging or other currency management tools. As at June 30, 2017, the Company's exposure to currency risk is summarized as follows:

| Expressed in Canadian dollar equivalents | | **June 30, 2017** | | December 31, 2016 |
|---|---|---|---|---|
| Financial assats denominated in US dollars | | | | |
| Cash | **$** | **349,270** | $ | 18,762 |
| Other receivables | | **494,124** | | 250,486 |
| | **$** | **843,394** | $ | 269,248 |
| Financial liabilities denominated in US dollars | | | | |
| Interest payable | **$** | **2,777** | $ | 5,023 |
| Notes payable | | **136,259** | | 140,984 |
| | **$** | **139,036** | $ | 146,007 |

As at June 30, 2017, with other variables unchanged, a 10% strengthening of the USD against the CAD would have decrease net loss by $34,389 (December 31, 2016 - $1,664) and increased other comprehensive income by $36,047 ($10,660).

(iii) Other price risk

Other price risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or currency risk. The Company is not exposed to other price risk.

## 1.12 Additional Disclosure for Venture Issuers without Significant Revenue

*(a) capitalized or expensed exploration and development costs;*

Not applicable.

*(b) expense research and development costs;*

Not applicable.

*(c) deferred development costs;*

Not applicable.

*(d) general and administration expenses;*

This required disclosure is presented on unaudited consolidated interim statements of loss and comprehensive loss for the three and six months ended June 30, 2016 and 2015.

*(e) any material costs, whether capitalized, deferred or expensed, not referred to in (a) through (d);*

None

## 1.13 Disclosure of Outstanding Share Data

As at the date of this MD&A, issued and outstanding common shares are 139,373,331, and a total of 26,316,070 warrants remain outstanding. The exercise price of the warrants ranges from $0.075 to $0.85 per warrant with expiry dates up to May 4, 2020. Outstanding options are 6,920,000 with exercise prices ranging from $0.10 to $0.80 and expiry date up to November 8, 2021.

## 1.14 Risk Factors

***While cannabis is legal in many US state jurisdictions, it continues to be a controlled substance under the United States federal Controlled Substances Act***

The production, possession, use and distribution of cannabis, or products derived therefrom, is prohibit pursuant to the Controlled Substance Act (the "CSA") in the United States. Due to the federal prohibition of cannabis, any person or business that is operating in the cannabis industry in the United States faces risks of federal criminal prosecution and other penalties. Irrespective of the federal prohibition of cannabis, several states have authorized the production, use and distribution of cannabis for medical or adult use purposes, including Nevada and California.

The United States Congress has passed appropriations bills each of the last three years that have not appropriated funds for prosecution of cannabis offenses of individuals who are in compliance with state medical cannabis laws. American courts have construed these appropriations bills to prevent the federal government from prosecuting individuals when those individuals comply with state law. However, because this conduct continues to violate federal law, American courts have observed that should Congress at any time choose to appropriate funds to fully prosecute the CSA, any individual or business—even those that have fully complied with state law—could be prosecuted for violations of federal law. Violations of any federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the federal government or private citizens, or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities or divestiture. This could have a material adverse effect on the Company, including its reputation and ability to conduct business, its operations in the United States, the listing of its securities on various stock exchanges, its financial position, operating results, profitability or liquidity or the market price of its publicly traded shares. In addition, it is difficult for the Company to estimate the time or resources that would be needed for the investigation of any such matters or its final resolution because, in part, the time and resources that may be needed are dependent on the nature and extent of any information requested by the applicable authorities involved, and such time or resources could be substantial.

***The Company's investments in the United States are subject to applicable anti-money laundering laws and regulations***

The Company is subject to a variety of laws and regulations domestically and in the United States that involve money
laundering, financial recordkeeping and proceeds of crime, including the Currency and Foreign Transactions Reporting Act of 1970 (commonly known as the Bank Secrecy Act), as amended by Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act), the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada), as amended, and the rules and regulations thereunder, the Criminal Code (Canada) and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the United States and Canada.
In February 2014, the Financial Crimes Enforcement Network ("FCEN") of the Treasury Department issued a memorandum providing instructions to banks seeking to provide services to marijuana-related businesses. The FCEN
Memo states that in some circumstances, it is permissible for banks to provide services to cannabis-related businesses without risking prosecution for violation of federal money laundering laws. It refers to supplementary guidance that Deputy Attorney General Cole issued to federal prosecutors relating to the prosecution of money laundering offenses predicated on cannabis-related violations of the CSA. It is unclear at this time whether the current administration will follow the guidelines of the FCEN Memo.

In the event that any of the Company's investments, or any proceeds thereof, or any dividends or distributions therefrom, or any profits or revenues accruing from such investments in the United States were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under
one or more of the statutes noted above or any other applicable legislation. This could restrict or otherwise jeopardize the ability of the Company to declare or pay dividends, affect other distributions or subsequently repatriate such funds back to Canada. Furthermore, while the Company has no current intention to declare or pay dividends on its Common Shares in the foreseeable future, in the event that a determination was made that the investments in California and Nevada (or any future investments in the United States) could reasonably be shown to constitute proceeds of crime, the Company may decide or be required to suspend declaring or paying dividends without advance notice and for an indefinite period of time. As of the date hereof, following discussions with its legal counsel, the Company is not aware of any violation of the above noted statutes as a result of its operations in Nevada and California and has no reason to believe that such investments may be constituted as, whether directly or indirectly, money laundering or proceeds of crime. However, any future exposure to money laundering or proceeds of crime could subject the Company to financial losses, business disruption and damage to the Company's reputation. In addition, there is a risk that the Company may be subject to investigation and sanctions by a regulator and/or to civil and criminal liability if the Company has failed to comply with the Company's legal obligations relating to the reporting of money laundering or other offences.

***The Company's investments in the United States may be subject to heightened scrutiny***

For the reasons set forth above, the Company's existing investments in the United States, and any future investments, may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada. As a result, the Company may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Company's ability to invest in the United States or any other jurisdiction. Government policy changes or public opinion may also result in a significant influence over the regulation of the cannabis industry in

Canada, the United States or elsewhere. A negative shift in the public's perception of medical cannabis in the United States or any other applicable jurisdiction could affect future legislation or regulation. Among other things, such a shift could cause state jurisdictions to abandon initiatives or proposals to legalize medical cannabis, thereby limiting the number of new state jurisdictions into which the Company could expand. Any inability to fully implement the Company's expansion strategy may have a material adverse effect on the Company's business, financial condition and results of operations.

***Volatile Market Price of the Common Shares***

The market price of the Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control. This volatility may affect the ability of holders of Common
Shares to sell their securities at an advantageous price. Market price fluctuations in the Common Shares may be due to the Company's operating results failing to meet expectations of securities analysts or investors in any period,
downward revision in securities analysts' estimates, adverse changes in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by the Company or its competitors, along with a variety of additional factors. These broad market fluctuations may adversely affect the market price of the Common Shares. Financial markets historically at times experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Common Shares may decline even if the Company's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted and the trading price of the Common Shares may be materially adversely affected.

***Risk Factors Related to Dilution***

The Company may issue additional Common Shares in the future, which may dilute a shareholder's holdings in the Company. The Company's articles permit the issuance of an unlimited number of Common Shares, and shareholders
will have no pre-emptive rights in connection with such further issuance. The directors of the Company have discretion to determine the price and the terms of issue of further issuances. Moreover, additional Common Shares will be issued by the Company on the exercise of options under the Company's stock option plan and upon the exercise of outstanding warrants.

***Risks Inherent in an Agricultural Business***

The Company's business involves the growing of medical cannabis, an agricultural product. Such business will be subject to the risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks. Although the Company expects that any such growing will be completed under climate controlled conditions, there can be no assurance that natural elements will not have a material adverse effect on any such future production

***Environmental Regulations and Risks***

The Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Government approvals and permits are currently, and may in the future be required in connection with the Company's operations. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from its proposed production of medical cannabis or from proceeding with the development of its operations as currently proposed. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. The Company may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permits governing the production of medical cannabis, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in expenses, capital expenditures or production costs or reduction in levels of production or require abandonment or delays in development.

***Limited Operating History***

The Company is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

***No License***

Investors should be aware that companies cannot legally conduct a medical cannabis business in Canada without a license from Health Canada, and that there is likely significant time and cost required to obtain such a license. Entering this sector requires a commitment of significant resources, and there are a number of risks, cost implications and time required before a company can begin licensed operations. There is no assurance that Maple Leaf will be successful in obtaining a license, having access to requisite funds or in creating shareholder value.

***Results of Future Clinical Research***

Research in Canada, the U.S. and internationally regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis or isolated cannabinoids (such as CBD and THC) remains in early stages. There have been relatively few clinical trials on the benefits of cannabis or isolated cannabinoids (such as CBD and THC). Although the Company believes that the articles, reports and studies support its beliefs regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis, future research and clinical trials may prove such statements to be incorrect, or could raise concerns regarding, and perceptions relating to, cannabis. Future research studies and clinical trials may draw opposing or negative conclusions regarding the medical benefits, viability, safety, efficacy, dosing, social acceptance or other facts and perceptions related to medical cannabis, which could have a material adverse effect on the demand for the Company's products with the potential to lead to a material adverse effect on the Company's business, financial condition and results of operations.

***Securing Adequate Financing to Fund Operations and Meet Expected Consumer Demand***

There is no guarantee that the Company will be able to achieve its business objectives. The continued development
of the Company may require additional financing. The failure to raise such capital could result in the delay or indefinite postponement of current business objectives or the Company ceasing to carry on business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favorable to the Company.

***Regulatory or Agency proceedings, Investigations and Audits***

The Company's business requires compliance with many laws and regulations. Failure to comply with these laws and regulations could subject the Company to regulatory or agency proceedings or investigations and could also lead to damage awards, fines and penalties. The Company may become involved in a number of government or agency proceedings, investigations and audits. The outcome of any regulatory or agency proceedings, investigations, audits, and other contingencies could harm the Company's reputation, require the Company to take, or refrain from taking, actions that could harm its operations or require the Company to pay substantial amounts of money, harming its financial condition. There can be no assurance that any pending or future regulatory or agency proceedings, investigations and audits will not result in substantial costs or a diversion of management's attention and resources or have a material adverse impact on the Company's business, financial condition and results of operation.

***Competition***

It is expected that Maple Leaf will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and manufacturing and marketing experience than Maple Leaf. Increased competition by larger and better financed competitors could materially and adversely affect the proposed business, financial condition and results of operations of Maple Leaf. To the knowledge of Maple Leaf, Health Canada has not enunciated any limit on the number of licenses it will issue under the ACMPR. In connection with the California Site, the Collective is anticipated to have a fixed fee basis of rent and if it has insufficient Members, it may not be able to meet its obligations.

***Vulnerability to Rising Energy Costs***

Maple Leaf's proposed operations will consume considerable energy, making Maple Leaf vulnerable to rising energy costs. Rising or volatile energy costs may adversely impact the proposed business of Maple Leaf and its ability to operate profitably.

***Forecast Uncertainties***

Maple Leaf will need to rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the medical cannabis industry in Canada. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the proposed investments, business, results of operations and financial condition of Maple Leaf.

***Other Risks***

In addition to the risks noted above, Maple Leaf is also subject to a number of other risks which should be noted, including a history of losses in recent periods, risks inherent in agricultural business, operating risks and insurance coverage availability, and in connection with its proposed medical cannabis operations, if and when operations are commenced, unfavourable publicity or consumer perception, potential product recalls and reliance on others for raw materials and operating inputs.

**MAPLE LEAF GREEN WORLD INC.**

**CORPORATE DATA**

**LISTING:**
TSX Venture Exchange
Symbol: **MGW**

and
OTCQB Venture Market
Symbol: **MGWFF**

**HEAD OFFICE**

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**DIRECTORS AND OFFICERS**

- Raymond Lai: President, CEO & Chairman
- Daniel Chu: CFO, Director & Audit Committee Member
- Terence Lam: Corporate Secretary & Director
- Joe Wong: Vice President of Operations, Director
- Naj Alizada: Independent Director & Audit Committee Member
- Greg Moline: Independent Director & Audit Committee Member

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