LIBERTY LEAF HOLDINGS LTD.
(formerly Weststar Resources Corp.)
MANAGEMENT DISCUSSION & ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016

APRIL 27, 2017

OVERVIEW

The following management discussion and analysis ("MD&A") is a review of the operations, current financial position and outlook for Liberty Leaf Holdings Ltd. (formerly Weststar Resources Corp.) (the "Company") and should be read in conjunction with the Company's audited consolidated financial statements for the years ended December 31, 2016 and 2015, which is filed on the SEDAR website: www.sedar.com.

The Company prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS"). All dollar figures included herein and in the following discussion and analysis are quoted in Canadian dollars unless otherwise noted.

The financial information in this MD&A is derived from the Company's financial statements prepared in accordance with IFRS. This MD&A may contain forward looking statements based on assumptions and judgments of management regarding events or results that may prove to be inaccurate as a result of risk factors beyond its control. Actual results may differ materially from the expected results.

DESCRIPTION OF BUSINESS AND ACTIVITY

Liberty Leaf Holdings Ltd. (the "Company") is a Vancouver, British Columbia, based company incorporated under the name Weststar Resources Corp. on October 27, 2004 in the province of British Columbia. During the year ended December 31, 2006, the Company completed its initial public offering on the TSX Venture Exchange ("TSX-V"), and the Company's shares were listed for trading on September 22, 2006. On February 10, 2015, the Company de-listed from the TSX Venture Exchange and began trading on the Canadian Securities Exchange (the "Exchange") under the symbol "WER".

The Company was a mineral exploration company until October 21, 2016, when the Company changed its name, completed a transition to the cannabis business through the acquisition of North Road Ventures Ltd. ("North Road"), and began trading under the symbol "LIB".

The principal address of the Company is located at 1240 – 789 West Pender Street, Vancouver, British Columbia, Canada, V6C 1H2.

General and Financing

On July 22, 2015, the Company closed a non-brokered private placement and issued 6,460,000 units at a price of $0.05 per unit for gross proceeds of $323,000. Each unit consists of one common share in the capital of the Company and one share purchase warrant. Each warrant is exercisable by the holder to acquire one additional common share of the Company for a period of two years from issuance at an exercise price of $0.075. The Company paid finder's fees of $12,100 and other share issue costs of $992.

On October 26, 2015, the Company closed a non-brokered private placement and issued 10,180,000 units at a price of $0.05 per unit for gross proceeds of $509,000. Each unit consists of one common share in the capital of the Company and one share purchase warrant. Each warrant is exercisable by the holder to acquire one additional common share of the Company for a period of two years from issuance at an exercise price of $0.075. The Company paid finder's fees of $30,800 and other share issue costs of $773.

On April 4, 2016, the Company issued 3,770,000 units at a price of $0.05 per unit for gross proceeds of $188,500. Each unit consists of one common share in the capital of the Company and one share purchase warrant. Each warrant is exercisable by the holder to acquire one additional common share of the Company for a period of two years from issuance at an exercise price of $0.075.

On October 19, 2016, the Company issued 5,290,228 units at a price of $0.07 per unit for gross proceeds of $370,316. Each unit consists of one common share in the capital of the Company and one share purchase warrant. Each warrant is exercisable by the holder to acquire one additional common share of the Company for a period of two years from issuance at an exercise price of $0.10. In the event that the closing price of the Company's common shares is at or above $0.20 per share for ten consecutive days, the Company may provide notice to the warrant holders that the expiry date of the warrants has been accelerated and that warrants not exercised within 30 days will expire. The Company paid finder's fees of $17,413 in relation to the private placement.

On October 19, 2016, the Company issued 12,000,000 common shares (valued at $660,000) as part of the acquisition of North Road. The Company also issued 1,200,000 common shares (valued at $66,000) as a finder’s fee on the acquisition. Further details of North Road below.

On October 27, 2016, the Company issued 357,391 units (valued at $94,626) in order to settle accounts payable of $41,100, resulting in a loss on settlement of debts of $53,526. Each unit consists of one common share in the capital of the Company and one share purchase warrant. Each warrant is exercisable by the holder to acquire one additional common share of the Company for a period of two years from issuance at an exercise price of $0.15.

During the year ended December 31, 2016, the Company issued 8,671,000 common shares of the Company for gross proceeds of $650,325 on the exercise of 8,671,000 share purchase warrants. The Company also issued 445,000 common shares of the Company for gross proceeds of $34,250 on the exercise of 445,000 stock options.

Subsequent to December 31, 2016, the Company received $448,100 on the exercise of 5,908,000 share purchase warrants and $17,300 on the exercise of 250,000 share options.

Cannabis Industry

During the year ended December 31, 2014, the Company began evaluating business opportunities outside of the mineral exploration sector, primarily within the cannabis sector. To that end, the Company has engaged a consultant, Mr. Doug Macdonell, to assist the Company with evaluating potential targets with a view to identifying a suitable opportunity with the potential to generate value for shareholders.

Mr. Macdonell is a recognized expert in the field of cannabis and its cultivation, having trained RCMP officers and municipal police in Vancouver and Edmonton in this field for the purposes of law enforcement. In addition, Mr. Macdonell has given lectures on the topic to various government agencies including the Department of Justice in Canada and the United States Drug Enforcement Administration. He has also served as an expert witness in cannabis, its production and its distribution at all levels of the Canadian court system.

During the year ended December 31, 2015, the Company advanced $107,500 to North Road in order to further its ACMPR license application. The amount advanced was without interest. If North Road submitted a ACMPR license application by June 30, 2016, based on the ACMPR rules in place when the letter of intent with North Road was signed on July 21, 2015, the amount advanced would be forgiven. If the ACMPR license application was not submitted by June 30, 2016, then the amount advanced would be repaid to the Company by July 20, 2016. All expenses directly or indirectly incurred by North Road in relation to preparing the ACMPR license application would be forgiven. During the year ended December 31, 2016, the ACMPR license application was submitted by

North Road and the Company forgave repayment of the advance. As of the date of this MD&A, North Road is in Stage 4 of 7 in the license application process.

On April 28, 2016, as amended July 4, 2016 and September 9, 2016, the Company entered into an agreement to purchase all of the shares of North Road. As consideration for the purchase, the Company issued 12,000,000 common shares to the shareholders of North Road upon approval of the transaction by the Exchange. The common shares were valued at $660,000 based on the market price of the shares at the date of issuance. In relation to this transaction, the Company paid a finder's fee of 1,200,000 common shares, which were valued at $66,000.

Under the terms of the agreement, as the ACMPR license application progresses the Company will pay to the shareholders cash or the equivalent dollar value of common shares of the Company as follows; $150,000 upon North Road completing the "Security Clearance" phase; $350,000 upon North Road completing the "Pre-license Inspection" phase; and $1,000,000 upon North Road receiving an approved ACMPR license.

The closing of the definitive agreement constituted a change of business for the Company and was approved by the Exchange on October 19, 2016.

The Company cautions investors that: (i) neither it, nor North Road, are licensed producers under the ACMPR; (ii) the licensing requirements mandated by Health Canada are stringent and must be complied with before any license is granted by Health Canada under the ACMPR, including a site inspection of facilities by Health Canada and other requirements, as further described on Health Canada's website at http://www.hc-sc.gc.ca/dhp-mps/marihuana/index-eng.php.

On January 31, 2017, the Company entered into a letter of intent ("LOI") to acquire up to a 27.5% interest in GR8 Track, Inc. ("GR8"), a private corporation based in California, USA, licensed to produce cannabis for medical use. Under the terms of the LOI, the Company made a $50,000 USD deposit to GR8.

In order to earn a 27.5% interest in GR8, the Company must issue common shares with a value of $1,500,000 USD, with $600,000 USD issuable upon the execution of a definitive agreement and $900,000 USD issuable over a series of certain milestones achieved by GR8. In addition, the Company must loan GR8 an aggregate $1,500,000 USD, repayable within two years of the Company completing the final common share issuance. The definitive agreement is subject to a final 60-day due diligence period and the Company completing a minimum financing of $500,000 CAD gross proceeds. The Company is currently working towards a definitive agreement with GR8.

On March 1, 2017, the Company entered into an agreement to acquire up to four proprietary cannabidiol ("CBD") formulations from Esev R&D LLC ("Esev"), a private corporation based in New York, USA.

The agreement has an initial term of three years, with an option to extend for one additional year. Under the terms of the agreement, the Company must pay $40,000 USD for each CBD formulation, with a $10,000 USD deposit and $30,000 USD based on milestones. Esev shall retain a 5% royalty on the gross sales received for each successfully commercialized CBD formulation for a period of six years.

Mineral Exploration and Evaluation

From inception until October 20, 2016, the Company was a junior mineral exploration company engaged in the business of acquiring, exploring and evaluating natural resource properties.

Pursuant to an option agreement dated July 19, 2005, the Company acquired a 70% in the Axe Property claims comprised of 119 units situated in the Similkameen Mining District, British Columbia. At December 31, 2014, the Axe Property was written down to $1. The impairment was a result of market conditions and the lack of an option agreement with an operating partner.

On December 9, 2016, the Company sold its interest in the Axe Property for $21,000 and recorded a gain on sale of exploration and evaluation assets of $20,999. The Company no longer has any mineral exploration interests.

RESULTS OF OPERATIONS

<u>For the year ended December 31, 2016</u>

During the year ended December 31, 2016, the Company reported a net loss of $2,075,266 compared to the year ended December 31, 2015 of $716,204. The Company's net loss included expenditures as follows:

- Accounting, legal and audit fees of $39,758 (2015 - $26,145) increased slightly due to additional legal fees required for the change in business and increased activities;
- Consulting fees of $399,160 (2015 - $482,164) decreased as consultants performed less services for the Company during the early part of 2016;
- License development costs of $724,735 (2015 - $nil) reflect the value of the common shares issued to acquire North Road, which was determined to be a pre-license application and therefore expensed on acquisition;
- Management fees of $133,500 (2015 - $126,000) were paid or accrued to the CEO and CFO and were higher due to a bonus during 2016;
- Office and general expenses of $26,206 (2015 - $9,443) increased primarily due to costs for the Company's new website and travel costs;
- Rent of $71,750 (2015 - $7,500) increased primarily due to rental costs paid for a facility to be used if and when North Road's ACMPR license application is successful;
- Share-based payments of $482,814 (2015- $1,410) increased due to more options granted in 2016;
- Shareholder communications and investor relations of $40,792 (2015 - $24,303) increased in 2016 due to increased promotional activity once the Company transitioned to cannabis;
- Transfer agent and filing fees of $42,254 (2015 - $26,943) increased due to additional filings, including the change of business;
- Forgiveness of Advances to North Road of $107,500 (2015 - $nil) related to North Road submitting the application for the ACMPR;
- Loss on settlement of debt of $53,526 (2015 - $nil) related to the value of units issued to settle accounts payable having a greater value than the payables at the date of issuance;
- Gain on accounts payable write-off of $26,318 (2015 - $nil) related to a write off of accounts payable during 2016; and
- Gain on sale of exploration and evaluation assets of $20,999 (2015 - $nil) reflects the $21,000 received for the Axe Property, which had been written down to $1.

<u>For the three months ended December 31, 2016</u>

During the three months ended December 31, 2016, the Company reported a net loss of $1,598,482 compared to the three months ended December 31, 2015 of $239,252. The Company's net loss included expenditures as follows:

- Accounting, legal and audit fees of $31,504 (2015 - $19,045) increased due to additional legal fees for the change of business;

- Consulting fees of $185,290 (2015 - $177,667) were relatively consistent year to year as the Company had several consultants engaged in the fourth quarter of both years;
- License development costs of $724,735 (2015 - $nil) reflect the value of the common shares issued to acquire North Road, which was determined to be the most appropriate method of accounting for the acquisition;
- Management fees of $39,000 (2015 - $31,500) were paid or accrued to the CEO and CFO and were higher due to a bonus during 2016;
- Office and general of $16,718 (2015 - $2,176) increased primarily due to costs for the Company's new website and travel costs;
- Rent of $61,000 (2015 - $2,250) increased due to rental costs paid for a facility to be used if and when North Road's ACMPR license application is successful. The Company reimbursed previous rent costs upon completion of its change of business;
- Share-based payments of $477,369 (2015- $nil) increased due to more options granted in 2016;
- Shareholder communications and investor relations of $28,000 (2015 - $2,117) increased in 2016 due to increased promotional activity once the Company transitioned to cannabis;
- Transfer agent and filing fees of $27,245 (2015 - $4,336) were higher due to timing of expenditures and the change of business fee;
- Loss on settlement of debt of $53,526 (2015 - $nil) related to the value of units issued to settle accounts payable having a greater value than the payables at the date of issuance;
- Gain on accounts payable write-off of $26,318 (2015 - $nil) related to a write off of accounts payable during 2016; and
- Gain on sale of exploration and evaluation assets of $20,999 (2015 - $nil) reflects the $21,000 received for the Axe Property, which had been written down to $1.

SUMMARY OF QUARTERLY FINANCIAL RESULTS ($000's except loss per share)

The following are the results for the eight most recent quarterly periods, starting with the quarter ended September 30, 2016:

For the Quarterly Periods ended:		**December 31, 2016**	**September 30, 2016**	**June 30, 2016**	**March 31, 2016**
Total revenues	$	-	-	-	-
Net loss for the period		(1,598)	(194)	(198)	(85)
Net loss per common share, basic and diluted		(0.03)	(0.00)	(0.00)	(0.00)

For the Quarterly Periods ended:		**December 31, 2015**	**September 30, 2015**	**June 30, 2015**	**March 31, 2015**
Total revenues	$	-	-	-	-
Net loss for the period		(239)	(171)	(111)	(168)
Net loss per common share, basic and diluted		(0.01)	(0.01)	(0.00)	(0.01)

SELECTED ANNUAL INFORMATION

	December 31, 2016	December 31, 2015	December 31, 2014
Total Revenues	$ -	$ -	$ -
Net Loss	2,075,266	689,154	2,060,930
Net Loss per Share, basic and diluted	0.04	0.02	0.10
Total Assets	729,944	303,502	274,492
Total Liabilities	76,500	104,210	147,741

LIQUIDITY AND CAPITAL RESOUCES

At December 31, 2016, the Company had cash of $654,340 and working capital of $652,490 as compared to December 31, 2015 when the Company had cash of $168,451 and working capital of $90,249.

To address working capital requirements for 2016, the Company has maintained cost control measures to minimize its general and administrative expenses where possible. The Company raised gross proceeds of $1,225,978 through private placements, warrant exercises and option exercises. See General and Financing for a summary of capital transactions.

For fiscal 2017, the Company will need to pursue additional financing to advance the ACMPR license process in its North Road subsidiary, proceed further with its agreement with ESEV, work towards a definitive agreement with GR8, pay general and administrative expenses and to seek out additional opportunities in the cannabis industry to create shareholder value.

OUTSTANDING SHARES

The following table sets forth information concerning the outstanding securities of the Company:

	April 27, 2017	December 31, 2016	December 31, 2015
Common shares	85,448,605	79,290,605	47,556,990
Stock Options	3,585,000	3,835,000	2,112,500
Warrants	22,558,619	28,466,619	27,720,000
Fully Diluted Shares	111,592,224	111,592,224	77,389,490

TRANSACTIONS WITH RELATED PARTIES

These amounts of key management compensation are included in the amounts shown on the statements of comprehensive loss for the year ended December 31:

		2016		2015
Accounting fees	$	6,500	$	6,500
Management fees	$	133,500	$	126,000
Shareholder communications	$	15,500	$	6,000

The amounts charged to the Company for the services provided have been determined by negotiation among the parties, and in certain cases, by signed agreements. These transactions were in the normal course of operations.

Of the $155,500 recorded as short-term compensation for the year ended December 31, 2016 (2015 - $138,500):

- $6,500 (2015 - $6,500) was recorded as accounting, legal and audit fees and $20,500 was recorded as management fees (2015 - $18,000) and paid to a private company in which the CFO is a director;
- $113,000 (2015 - $108,000) was recorded as management fees and paid to a private company controlled by the CEO; and
- $15,500 (2015 - $6,000) was recorded as shareholder communications and investor relations and paid to a director.

As at December 31, 2016, accounts payable and accrued liabilities included $28,522 (2015 - $24,132) due to companies controlled by directors and officers and former directors and officers, and an officer and director for services included above. The amounts due are non-interest-bearing, unsecured and without stated terms of repayment.

On March 21, 2017, the Company entered into a consulting agreement with its CEO for a term of one year for a monthly consulting fee of $9,000. The Company also entered into a separate termination and severance agreement with the CEO, whereby the Company may terminate the consulting agreement without cause by paying a lump sum equal to 12 months of consulting fees, plus three months for every year of service, to a maximum of 24 months of consulting fees. In the event of a change of control, the CEO may terminate his engagement under certain conditions, and the Company will be required to pay a lump sum equal to 24 months of consulting fees.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

PROPOSED TRANSACTIONS

The Company has not entered into any proposed transactions other than as disclosed under Cannabis industry above.

FINANCIAL INSTRUMENTS

Financial instruments are agreements between two parties that result in promises to pay or receive cash or equity instruments. The Company classifies its financial instruments as follows: cash is classified as financial asset at FVTPL; advances as loans and receivables; and accounts payable and accrued liabilities as other financial liabilities, which are measured at amortized cost. The carrying value of these instruments approximates their fair values due to their short term to maturity.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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

The Company’s financial assets and liabilities are measured at fair value by level with the fair value hierarchy described above. Assets and liabilities are classified entirely based on the lowest level of input that is significant to the fair value measurement.

The fair values of the Company's cash, advances, and accounts payable and accrued liabilities approximates the carrying amounts due to the short term nature of these instruments.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these consolidated financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and may affect both the period of revision and future periods.

The key areas of judgment applied in the preparation of the consolidated financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities is as follows:

- The Company has recorded the common shares issued to acquire North Road as license application costs and expensed the fair value of the common shares at the date of grant. The Company has not capitalized any costs in relation to its application for a license under the ACMPR.

- Asset acquisitions

  Management has had to apply judgments relating to its acquisition of the 100% interest in another entity during the year with respect to whether the acquisition was a business combination or an asset acquisition. Management applied a three-element process to determine whether a business or an asset was purchased, considering inputs, processes and outputs of the acquisition in order to reach a conclusion.

- Going Concern

  The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenses, meet its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances.

The key estimates applied in the preparation of the consolidated financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

- Assumptions used to calculate the value of the common shares of North Road acquired; and
- Assumptions used to calculate share-based payments.

Actual results could differ from those estimates. Key judgments and estimates made by management with respect to those areas noted previously have been disclosed in the notes to the consolidated financial statements, as appropriate.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In connection with Exemption Orders issued in November 2007 by each of the securities commissions across Canada, the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the condensed interim financial statements and the audited annual financial statements and respective accompanying MD&A.

In contrast to the certificate under National Instrument ("NI") 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification includes a 'Note to Reader' stating that the CEO and CFO do not make any representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financing reporting, as defined in MI 52-109.

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET EFFECTIVE

For details of the Company's Future Accounting Standards, including accounting standards not yet adopted, new accounting standards adopted, and accounting standards amended but not yet effective, please refer to Note 4 of the Company's audited financial statements for the year ended December 31, 2016.

RISKS AND UNCERTAINTIES

The Company believes that the following risks and uncertainties may materially affect its success.

<u>License Under the ACMPR</u>

The Company has submitted an application for a license under the ACMPR through its subsidiary, North Road. A license is required to grow and sell medical marijuana in Canada. Although the Company believes that it can meet the requirements of the ACMPR necessary to obtain a license, there can be no assurance that Health Canada will grant a license to North Road. Should Health Canada not grant a license, the business, financial condition and operating results of the Company would be materially adversely affected.

Should North Road obtain a license, it will be subject to ongoing compliance and reporting requirements. Failure to comply with the requirements and terms of the licenses, including renewals, would have a material adverse impact on the business, financial condition and operating results of the Company

<u>Regulatory Risks</u>

As a Company in the cannabis industry, the activities of the Company are subject to regulation by governmental authorities in both Canada and the state of California. Achievement of the Company's business objectives are contingent, in part, upon compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary. This applies to both the Company and any companies in which it has investments. The Company cannot predict the time required to secure all appropriate regulatory approvals, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals could have a material adverse effect on the Company's business, results of operations and financial condition.

<u>Change in Laws, Regulations and Guidelines</u>

The Company's business is subject to particular laws, regulations, and guidelines. The Company intends to comply with all laws and regulations, but there is no guarantee that the governing laws and regulations will not change which will be outside of the Company's control.

<u>Substantial Capital Requirements and Liquidity</u>

Substantial additional funds for the establishment of the Company's current and planned operations will be required. No assurances can be given that the Company will be able to raise the additional funding that may be required for such activities, should such funding not be fully generated from operations. Various factors will have an impact on the amount of additional capital that may be required. To meet such funding requirements, the

Company may be required to undertake additional equity financing, which would be dilutive to shareholders. Debt financing, if available, may also involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion, and pursue only those plans that can be funded through cash flows generated from its existing operations, which at this time are nil.

Financing Risks and Dilution to Shareholders

The Company will have limited financial resources, no operations and no revenues. If the ACMPR license application is successful, additional funds will be required to build-out an approved facility. Also, any other investment opportunities pursued by the Company may require additional financing. There can be no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be available on favorable terms or at all. It is likely such additional capital will be raised through the issuance of additional equity, which will result in dilution to the Company's shareholders.

Competition

There is competition within the cannabis industry for investments and products considered to have commercial potential. The Company will compete with other cannabis companies, many of which have greater financial, technical and other resources than the Company, for, among other things, the growth of cannabis and development of cannabis products, as well as for the recruitment and retention of qualified employees and other personnel.

Reliance on Management and Dependence on Key Personnel

The success of the Company will be largely dependent upon on the performance of the directors and officers and the ability to attract and retain key personnel. The loss of the services of these persons may have a material adverse effect on the Company's business and prospects. The Company will compete with numerous other companies for the recruitment and retention of qualified employees and contractors. There is no assurance that the Company can maintain the service of its directors and officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Company and its prospects.

Conflicts of Interest

Certain of the directors and officers of the Company will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies (including mineral resource companies) and, as a result of these and other activities, such directors and officers of the Company may become subject to conflicts of interest. The British Columbia Business Corporations Act ("BCBCA") provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to the issuer, the director must disclose his interest in such contract or agreement and refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA.

Uninsurable Risks

The Company may become subject to liability for risks against which it cannot insure. The payment of any such liabilities would reduce the funds available for the Company's usual business activities. Payment of liabilities for which the Company does not carry insurance may have a material adverse effect on the Company's financial position and operations.

Litigation

The Company and/or its directors may be subject to a variety of civil or other legal proceedings, with or without merit.

FORWARD-LOOKING INFORMATION

This MD&A contains forward-looking statements. Forward-looking statements are projections of events, revenues, income, future economic performance or management's plans and objectives for future operations. In some cases, you can identify forward-looking statements by the use of terminology such as "may", "should", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "potential" or "continue" or the negative of these terms or other comparable terminology. Examples of forward-looking statements made in this MD&A include statements about the Company's business plans; the costs and timing of its developments; its future investments and allocation of capital resources; success of the ACMPR license application; requirements for additional capital. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including: general economic and business conditions, fluctuations in prices and demand for cannabis and related products; our lack of operating history; conclusions or economic evaluations; changes in project parameters as plans continue to be refined; failure of plant, equipment or processes to operate as anticipated; regulatory and legal issues; or other risks of the cannabis industry; delays in obtaining government approvals or financing or incompletion of development activities, any of which may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

While these forward-looking statements and any assumptions upon which they are based are made in good faith and reflect our current judgment regarding the direction of the Company's business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions or other future performance suggested herein. Except as required by applicable law, including the securities laws of the Canada, the Company does not intend to update any of the forward-looking statements to conform these statements to actual results.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Detailed listings of general and administrative expenses and exploration expenditures are provided in the consolidated financial statements of the Company for the year ended December 31, 2016.

OFFICERS AND DIRECTORS

Certain directors of the Company are also directors, officers and/or shareholders of other companies. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required to act in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his/her interest and abstain from voting in the matter(s). In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at the time.

Current directors and officers of the Company are as follows:

William Rascan, President and Director
Joseph Meagher, CFO and Director
Keith Anderson, Director
Steven Feldman, Director

OUTLOOK

The Company's primary focus for the foreseeable future will be obtaining an ACMPR license in its North Road subsidiary, proceeding further with its agreement with ESEV and working towards a definitive agreement with GR8. The Company will also continue to evaluate additional investment opportunities in the cannabis sector.

OTHER REQUIREMENTS

Additional disclosure of the Company's material documents, information circular, material change reports, new release, and other information can be obtained on SEDAR at www.sedar.com.