MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE YEAR ENDED JULY 31, 2015

November 30, 2015

Management's discussion and analysis (MD&A) is current to November 30, 2015 and is management's assessment of the operations and the financial results together with future prospects of Nutritional High International Inc. ("**Nutritional High**", or the "**Company**"). This MD&A should be read in conjunction with the Company's audited consolidated financial statements and related notes for the year ended July 31, 2015, prepared in accordance with International Financial Reporting Standards ("**IFRS**"). All figures are in Canadian dollars unless stated otherwise.

This discussion contains forward-looking statements that are historical in nature and involves risks and uncertainties. Forward-looking statements are not guarantees as to Nutritional's future results as there are inherent difficulties in predicting future results. This MD&A includes, but is not limited to, forward looking statements. Management considers the assumptions on which these forward-looking statements are based to be reasonable at the time the statements were prepared. Accordingly, actual results could differ materially from those expressed or implied in the forward-looking statements.

Description of Business

Nutritional High International Inc. ("**Nutritional High**" or the "**Company**"), formerly Sonoma Capital Inc. ("**Sonoma**"), is the parent company of Nutritional High Ltd. ("**NHL**"), Nutritional High (Colorado) Inc. ("**NHCI**"), NHC Edibles LLC ("**NHC**"), NH Medical Dispensaries Inc. ("**NHMDI**"), NH Medicinals (Maryland) Inc. ("**NHMMI**"), Small Mills Holdings Inc. ("**SMHI**"), Nutritional Traditions Inc. ("**NTI**"), and NH Medicinal (Minnesota) Inc. The Company was incorporated on July 19, 2004. The Company's objective is to take advantage of the changing regulation governing the marijuana industry in the United States and Canada. The Company's business is focused on two main segments: Marijuana-Infused Products Segment and Hemp-Infused Products Segment. In its Marijuana-Infused Products Segment, the Company is developing brands, trademarks, applications and packaging for marijuana-infused products to enter into royalty relationships with Licensed Operators in jurisdictions where permitted by regulation, as well as parties who are seeking a license from appropriate regulatory authorities. In its Hemp-Infused Products Segment, the Company is developing brands, trademarks, products and packaging for products infused with hemp extract that have less than 0.3% THC and are not subject to the same regulation as the products in the Company's Marijuana-Infused Products Segment. To date, other than accrued rent and interest, the Company has not yet earned any revenues from its Marijuana-Infused Products Segment, In its Hemp-Infused Products Segment, the Company has launched first three products, which shall be available for distribution in late 2015, but has not yet earned any revenues from its Hemp-Infused Products Segment. As such, the Company shall be considered to be a development stage entity.

On June 27, 2014, the Company completed the acquisition of NHL (the "**Acquisition**"), whereby it acquired all the issued and outstanding shares and warrants of NHL and changed its name to "Nutritional High International Inc." NHL's incorporation date was April 17, 2014. In connection with the Acquisition, the Company issued an aggregate of 60,400,011 common shares in the capital of the company (the "**Common Shares**") and 13,500,006 Series I Warrants, on a one-for-one basis, in exchange for the NHL securities held by the vendors, which on closing represented 83.99% of the total issued and outstanding shares of the Company. In addition, 150,000 Series II Warrants issued pursuant to the Northumberland Option were exchanged on a one-for-one basis in connection with the Acquisition.

Prior to the completion of the Acquisition, the Company had no active business operations and was seeking business opportunities including assets or businesses with good growth potential to merge with or acquire. After completing the Acquisition, the Company has continued NHL's efforts to develop its business in the marijuana business sector.

On March 13, 2015, the Company completed its initial public offering of units ("**Units**"), which raised an aggregate of $1,645,000 through its agent Jacob Securities Inc. Each Unit was comprised of one Common Share and one-half of one Common Share purchase warrant ("**Unit Warrant**"). Each whole Unit Warrant entitles the holder there of to purchase a Common Share at a price of $0.07 per share until March 13, 2017. The Company's Common Shares commenced trading on the Canadian Securities Exchange at the opening of market on March 23, 2015 under the trading symbol "NHL".

As at November 30, 2015, the members of Company's management and Board of Directors consisted of:

David Posner	President and CEO, Director
Al Quong	Chief Financial Officer
Adam Szweras	Director and Secretary
Statis Rizas	Chairman of the Board
Anne Marie Youhana	VP Product Development and Quality Control
Michael Pesner	Director
David Caplan	Director
Brian Presement	Director
Billy Morrison	Director

The Company has also formed an advisory board (the "**Advisory Board**") to provide expertise and advice to the senior management team regarding operational matters relating to the execution of the Company's business plan. The Advisory Board is comprised of Frank Galati and Debra Zwiefelhofer.

Business Overview

The Company operates in the medical marijuana, retail marijuana and hemp infused products sectors in the United States, and other jurisdictions where such activity is permitted and regulated by applicable laws, through entities that hold a valid license to produce and distribute such products in accordance with applicable regulations.

The Company has two distinct objectives as a part of the separate business units:

- Marijuana-Infused Products Segment. In its Marijuana-Infused Products Segment, the Company is focused on developing, acquiring and designing marijuana-infused products and marijuana concentrate products and brands for use by Licensed Operators entering into royalty or packaging agreements with the Company in jurisdictions where permitted; and

- Hemp-Infused Products Segment. The Company is focused on developing, acquiring, manufacturing and distributing products infused with non-psychoactive constituent of the industrial hemp plant (less than 0.3% THC), which may be distributed in all 50 states. The Company is pursuing several distribution strategies, which include online (through networks of retail web-sites), retail (dispensaries where THC products are sold, smoke shops, vitamin stores and independent grocers via direct sales and distributors).

The Company will establish operations only in U.S. States which have implemented adequate licensing frameworks and are in compliance with the Cole Memo as hereinafter described below.

Marijuana-Infused Products Segment

In its Marijuana-Infused Products Segment, the Company is focused on developing, acquiring and designing marijuana-infused products and marijuana concentrate products and brands for use by Licensed Operators who enter into royalty agreements with the Company in respect to the Company's brands, recipes and know-how ("**Royalty Producers**") or sell packaging to Licensed Operator with the Company's branding. As marijuana-infused products for medicinal and/or recreational use are currently not legal in Canada for commercial sale, the Marijuana-Infused Products Segment is solely focused on the U.S. States where marijuana-infused products are permitted by law and regulation.

The Company's business model in its Marijuana-Infused Products Segment differs depending on the residency requirements of the applicable jurisdiction. Most U.S. States that have legalized marijuana for medical or recreational use require the businesses or individuals ("**Licensed Operators**") to hold a valid license ("**License**") under applicable regulation in the respective U.S. State issued by the applicable state authorities. In some U.S. States, for a Licensed Operator to be eligible to be granted a License, the owners of the Licensed Operator must be residents of such U.S. State. As such, listed companies or other widely held enterprises are ineligible to obtain a License in those U.S. States where a Licensed Operator must be a state resident. In such U.S. States, the Company will work with a Licensed Operator to provide them with financing, licensing of its products, recipes and brands, know how, consulting services and may purchase the facilities where such License Operators operate or intend to operate. In U.S. States where there are no residency requirements and where the Company may acquire licensing on its own, the Company may apply to become a License Operator. The Company will not operate in jurisdictions which have not legalized marijuana, and does not intend on operating in jurisdictions which have legalized marijuana but have not developed and imposed a licensing regime for Licensed Operators.

In Illinois, NHMDI has entered into an agreement to purchase the Lawrenceville property and has applied for a dispensary license with a view of establishing a business of serving the medical marijuana patients in the State of Illinois. NHMDI has submitted all necessary paperwork to the Illinois Department of Financial and Professional Regulation ("**DFPR**") to register a medical cannabis dispensary in Lawrenceville, IL. The Company is awaiting final approval of the registration package submission. Upon receiving final requisite approvals the Company expects to complete the build-out and begin operations in early 2016. It is expected that the dispensary will operate under the name of "Small's Mill Medicinal Center".

Hemp-Infused Products Segment

In its Hemp-Infused Products Segment, the Company is focused on developing, acquiring, manufacturing and distributing products infused with non-psychoactive constituent of the industrial hemp plant (less than 0.3% THC), which may be distributed in all 50 states. The Company is pursuing several distribution strategies, which include online (through networks of retail web-sites), retail (dispensaries where THC products are sold, head shops, vitamin stores and independent grocers via direct sales and distributors) and multi-level marketing. Having access to the Company's expertise in manufacturing products from cannabis, these hemp-infused chocolate bars, hard candies, chews, gummies are expected to have a competitive edge in the market, The products will be sold under the Nutritional Traditions brand name and initially available to California retail customers in late 2015. Distribution will be expanded outside of California beginning in 2016.

Cole Memo Compliance

In a memorandum dated August 29, 2013 addressed to "All United States Attorneys" from James M. Cole, Deputy Attorney General (the "**Cole Memo**"), the U.S. Department of Justice acknowledged that certain U.S. States had enacted laws relating to the use of marijuana and outlined the U.S. federal government's enforcement priorities with respect to marijuana notwithstanding the fact that certain U.S. States have legalized or decriminalized the use, sale and manufacture of marijuana:

- Preventing the distribution of marijuana to minors;
- Preventing revenue from the sale of marijuana from going to criminal enterprises, gangs, and cartels;
- Preventing the diversion of marijuana from U.S. States where it is legal under state law in some form to other U.S. States;
- Preventing U.S. State-authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity;
- Preventing violence and the use of firearms in the cultivation and distribution of marijuana;
- Preventing drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use;
- Preventing the growing of marijuana on public lands and the attendant public safety and environmental dangers posed by marijuana production on public lands; and
- Preventing marijuana possession or use on U.S. federal property.

There is no guarantee that the current presidential administration will not change its stated policy regarding the low-priority enforcement of U.S. federal laws that conflict with state laws. Additionally, any new U.S. federal government administration that follows could change this policy and decide to enforce the U.S. federal laws vigorously.

The Company's operations are compliant with the Cole Memo.

Recent Business Developments

Grant of Two Marijuana Licenses to Palo Verde

On October 1, 2014, Palo Verde advised the Company that it has received two marijuana licenses from the MED:

- Retail Marijuana Product Manufacturing License ("**RMIP License**") – a license used exclusively for the manufacture and preparation of Retail Marijuana products and concentrates, such as edible products, ointments, and tinctures. The products manufactured under the RMIP License can only be sold to other license holders or to licensed Colorado dispensaries.

- Retail Marijuana Cultivation License ("**RMC License**") – used exclusively for the cultivation of Retail Marijuana plants and the harvesting of Retail Marijuana. If not associated with a product manufacturer, this licensee may sell Retail marijuana to other cultivations, dispensaries or product manufacturers within the Colorado regulated system.

The Company is working with Palo Verde to finalize a packaging agreement.

Pueblo Location Acquisition and Closing of Senior and Subordinate Debenture financings relating to Pueblo Location Acquisition

NHC acquired the Pueblo Location on November 17, 2014. The Pueblo Location is comprised of three main buildings, several smaller storage buildings, an old boiler building and an oversized two-car garage on approximately three acres. NHC paid an aggregate purchase price of US$885,000. Lease rates for similar properties are at a premium given the short supply of locations which meet the zoning and licensing requirements imposed on the industry.

The Company financed the purchase price of the Pueblo Location through the issuance of two secured convertible debentures in an aggregate principal amount of $600,000. The remainder of the purchase price was funded by the Company through working capital. See below.

The Company issued to an arm's length party a senior secured convertible debenture (the "**Senior Convertible Debenture**") in the principal amount of $450,000. The Senior Convertible Debenture matures on November 17, 2016 (the "**Maturity Date**") and carries an interest rate of 12% per annum. The Senior Convertible Debenture is secured by a first ranking general security interest over all assets of the Company. The Senior Convertible Debenture is convertible into Common Shares at any time prior to the Maturity Date at a price equal $0.06 (the "**Conversion Price**"). In connection with an amendment to the terms of the Senior Debenture, the Company agreed to issue $30,000 worth of units to the initial public offering.

The Company has also issued a subordinated secured convertible debenture (the "**Subordinate Convertible Debenture**") in the principal amount of $150,000 to a group of lenders comprised of Adam Szweras, Statis Rizas and David Posner, all of whom are directors of the Company. The Subordinate Convertible Debenture matures on the Maturity Date and carries an interest rate of 12% per annum. The Subordinate Convertible Debenture is secured by a general security interest over all assets of the Company, subordinate to the Senior Convertible Debenture. The Subordinate Convertible Debentures carries the same Conversion Price and Conversion Price Adjustment provisions as the Senior Convertible Debentures.

The development at the Pueblo Property is ongoing and the Palo Verde continues to work with architects, contractors, engineers, local authorities and service providers to bring the product manufacturing online. Definitive engineering has been completed and is in the process of being implemented. Palo Verde aims to complete construction in early 2016, contingent on the date of the final inspection by the local authorities. In addition, the Company has taken a number of steps to assist the Palo Verde in developing its business ahead of completing the construction. In this regard, among other duties, the Company has been undertaking the following:

- working with consultants to develop manufacturing processes
- developing marketing plans and product ideas
- negotiations regarding branding and licensing opportunities
- recruitment of personnel

Lawrenceville Dispensary Application and Lawrenceville Property Acquisition

On February 2, 2015, the Company was advised by the Illinois Department of Financial and Professional Regulation (the "**Division**") that it has been awarded authorization to register a medical marijuana dispensary under the Compassionate Use of Medical Cannabis Pilot Program Act (Illinois). This authorization permits the Company to submit a registration package to the Division, and upon their satisfaction, the Company will receive conditional approval for a dispensary license.

The Company has entered into an agreement to purchase the Lawrenceville property and has successfully applied for a dispensary license with a view of establishing a business of serving the medical marijuana patients in the State of Illinois. NHMDI is the only entity authorized to apply for a dispensary license in District 12. NHMDI has submitted all necessary paperwork to the Division to register a medical cannabis dispensary in Lawrenceville, IL. The Company is waiting for the approval of the registration package submission, which is substantially complete. Upon receiving final requisite approvals the Company expects to commence the build-out, and begin operations in early 2016. As NHMD indicated in its registration package, it is expected that the dispensary will operate under the name of "Small's Mill Medicinal Center". Based on its correspondence with DFPR, the Company is confident of securing final approvals shortly.

The Company has closed the acquisition of the real estate property in Lawrenceville Illinois ("**Lawrenceville Property**") on November 25, 2015. The final acquisition price for the Lawrenceville Property was USD $350,000. The Company has also negotiated a seller take-back ("**Seller Take-Back**") mortgage with the Vendor in the amount of USD $250,000. The Seller Take-Back will have a 15 year amortization period, bearing an interest at the rate of 6% and be due in two years from the date of issuance as a balloon payment.

Closing of Initial Public Offering

On March 13, 2015, the Company completed its initial public offering of Units, which raised an aggregate of $1,645,000 through its agent Jacob Securities Inc. Each Unit was comprised of one Common Share and one-half of one Unit Warrant. Each whole Unit Warrant entitles the holder there of to purchase a common share at a price of $0.07 per share until March 13, 2017. The Company's Common Shares commenced trading on the Canadian Securities Exchange at the opening of market on March 23, 2015 under the trading symbol "NHL".

Sacred Garden Transaction

On April 8, 2015 the Company has entered into a binding letter of intent ("**LOI**") to acquire a 51% equity interest (the "**Transaction**") in Zephyr Management Inc. ("**Zephyr**"), an exclusive management company being established to provide management and real estate services to Sacred Garden ("**Sacred Garden**"), an entity licensed to produce medical cannabis in New Mexico. The Company has elected not to proceed with the previously announced acquisition of an interest in Zephyr. The Company's decision was influenced by various factors identified during the due diligence process, larger opportunities in other states being pursued by Nutritional High, and a decision to maintain the Company's stated focus on marijuana oils, extracts and edibles while limiting exposure to risks inherent in marijuana growing.

Wind up of Canadian Clinic Business

The Company is taking steps to wind up its legacy Clinic Business, which was operated under its 51% owned subsidiary, Eglinton Medicinal Advisory Inc. ("**EMAL**"). The Company has taken this decision to focus its resources on marijuana infused products, concentrates and retail segments in the US.

OTCQB Marketplace Listing, DTC Eligibility and CSE Symbol Change

On April 29, 2015, the Company's shares began trading on the OTCQB Marketplace under the symbol "SPLIF". Merriman Capital Inc. ("**Merriman**"), a San-Francisco based broker-dealer, has acted as an OTCQB sponsor and capital markets advisor to guide the Company through the listing process.

On May 29, 2015, the Company secured Depository Trust Company ("**DTC**") eligibility in the U.S. for the Common Shares traded on the OTCQB under the symbol "SPLIF". The DTC is a subsidiary of the Depository Trust & Clearing Corporation ("**DTCC**"), and manages the electronic clearing and settlement of publicly traded companies.

Securities that are eligible to be electronically cleared and settled through the DTC are considered "DTC eligible." This electronic method of clearing securities speeds up the receipt of stock and cash, and thus accelerates the settlement process for investors and brokers, enabling the stock to be traded over a much wider selection of brokerage firms by coming into compliance with their requirements.

Due to a demand by the National Hockey League, the Company has changed its symbol on the Canadian Securities Exchange ("**CSE**") from "NHL" to "EAT". In the U.S. the company continues to trade under the symbol "SPLIF" on the OTCQB.

Exclusive Jimi Hendrix License

On June 5, 2015, the Company entered into a license agreement with Purple Haze Properties LLC ("**PHP**") granting Nutritional High the exclusive right to manufacture and distribute marijuana and hemp oil-infused products including gummy bears, hard candies and health and energy drinkable products, and non-exclusive rights to manufacture and distribute certain apparel and accessories, in the United States and Canada. The term of the license agreement is for five years, with a renewal option for an additional five years.

Under the terms of the Agreement, Nutritional High issued to the Licensor 4,025,765 Common Shares and shall pay additional annual fees and royalties of no less than $1,000,000 over five years, with such minimums payable in Common Shares or cash at the Company's option.

A variety of products under the “Edibles Experience” banner are in development including the “Purple Haze” line of THC-based products and the “Stone Free” line of CBD-based, non-psychoactive health products.

Management and Board of Directors Update

On June 11, 2015, the Company appointed Billy Morrison to the Company’s board of directors, replacing Michael Dacks who stepped down.

Mr. Morrison started his career in the cannabis sector by co-founding The Union Collective in California, which quickly became a successful medical cannabis collective in the county. He also founded Capstone Analytical LLC, which was one of the first thin layer chromatography cannabis testing facilities in the Bay Area, where he developed proprietary software for testing cannabinoid potency. In 2011, Mr. Morrison was appointed as a Chief Technology Officer of Temez Extracts/Pure Vape, where he devised closed loop extraction methods that analyzed analytical grade N-Butane and further leveraged sub-critical, refined CO_2 extraction. At Pure Vape he also spearheaded a partnership with Dragon Vape to become the second largest producer of refined cannabis extracts in prefilled e-cigarettes in California. Mr. Morrison’s most recent appointment is a Chief Technology Officer of Peloton Pharmaceuticals, a Canadian MMPR applicant, where he was responsible for designing, developing and deploying nearly autonomous grow system focused on producing pharmaceutical grade cannabis. Mr. Morrison holds an MBA in International Business from the University of the Incarnate Word in San Antonio, Texas and a Bachelor degree in Business Administration from the University of Texas, also in San Antonio.

Effective August 1, 2015, the Company is pleased to announce the appointment of Anne Marie Youhana as VP of Product Development and Quality Control. Anne Marie was introduced to the Company by Billy Morrison, director of the Company with whom she co-managed The Union Collective in California, which was one of the most successful cannabis collectives in the United States. She was responsible for introducing a variety of edible recipes (including cupcakes, cookies, loaves, cakes, candies, superfood granola, and chews) and developed proprietary recipes for cannabis butter and cookies using various infusion and preparation techniques. Anne Marie was also instrumental in developing the facilities for Capstone Analytical where she procured the lab location, ordered and set up all the lab equipment, assisted with the creation of testing standards, as well as developing home testing kits.

On September 5, 2015, the Company appointed Gary Margolin as Chief Operating Officer. As COO, Gary will be responsible for the Company’s transition to the operational phase of its strategic plan, including the development and launch of the Company's hemp oil line of products, and bringing completion of construction and commencement of operations to the Company's Pueblo, Colorado and Lawrenceville, Illinois facilities.

Gary previously served as a key advisor to the CEO and a member of the Chief Operating Committee of Cablevision Systems Corporation, driving revenue growth from $1.4 billion to $4 billion and market capitalization from $1 billion to over $14 billion. Before joining Cablevision, Gary was an attorney focusing on corporate and employment law, including corporate finance (venture capital, private placement, and public finance), M&A, labor relations (union and non-union) and governmental compliance. His clients included small private companies, start-up companies, large NYSE-listed companies, venture capital firms and an agency of the United States Government. Since leaving Cablevision, Gary has consulted to executives at companies ranging in size from startup to large NYSE-listed companies and has developed a similarly strong track record of driving growth.

Partnership with Canopy Growth Corp.

The Company has entered into a consulting agreement with Canopy Growth Corporation ("**Canopy**"), a company formed from the combination of Tweed Marijuana Inc. and Bedrocan Cannabis Inc., to assist Canopy in developing their cannabis extracts product offerings in Canada. Nutritional High will be involved in various capacities including identifying equipment and developing manufacturing processes related to cannabis extracts. The partnership demonstrates the recognition of the Company's expertise in the industry and Nutritional High looks forward to working with the Canopy team to share its findings in the field.

Financing Developments

On April 17, 2014, the Company issued 33,000,000 common shares (each, a "**NHL Share**"), valued at $0.005 per share for gross proceeds of $165,000. On May 12, 2014, the Company issued 400,000 NHL Shares, valued at $0.005 per share for gross proceeds of $2,000.

On May 16, 2014, NHL completed the first tranche of its non-brokered private placement of 22,106,853 units ("**NHL Units**") at a price of $0.025 per NHL Unit for gross proceeds of $552,671. Each NHL Unit consisted of one NHL Share and one half of one share purchase warrant of NHL (each whole warrant, a "**NHL Warrant**"), with each NHL warrant exercisable into one NHL Share at a price of $0.05 per NHL Share until the earlier of 36 months from the date of issuance or 18 months following the date of a business combination between NHL and a public company pursuant to a reverse take-over, merger, amalgamation, take-over bid, insider bid, reorganization, joint venture, sale or exchange of assets or similar transaction ("reverse takeover") or IPO.

On May 30, 2014, NHL completed the second tranche of its non-brokered private placement of 2,180,798 NHL Units for gross proceeds of $54,520.

On June 20, 2014, NHL completed the third tranche of its non-brokered private placement of 2,712,360 NHL Units for gross proceeds of $67,809.

For the year ended July 31, 2014 the Company issued 11,440,798 Common Shares valued at $76,020 as compensation for services where the fair value of shares was determined based on the value of services received.

On October 8, 2014, the Company completed the Private Placement of 4,000,000 units at $0.025 per unit for gross proceeds of $100,000. Each unit consisted of one Common Share and one-half of one Company Warrant, with each whole Company Warrant exercisable into one Common Share at a price of $0.05 per share for a period of 18 months from closing.

On October 31, 2014, 3,566,638 warrants were exercised at $0.05 per warrant for gross proceeds of $178,332. An additional $17,467 credited to share capital represents a transfer of the reserve for warrants in respect of the exercised warrants. The share purchase warrants have been amended to include an early exercise provision of an additional warrant exercisable into one common share at a price of $0.10 per share until 24 months from the date of issuance. As a result of the amendment, an additional 3,566,638 warrants were issued. The terms of any unexercised Company warrants outstanding at October 31, 2014 remain unchanged.

On March 13, 2015, 32,900,000 units at $0.05 per unit were issued for gross proceeds of $1,645,000 pursuant to the IPO. Each unit consisted of one common share and one half of one share purchase warrant, with each warrant exercisable into one common share at a price of $0.07 per share until 24 months from the date of issuance.

On March 13, 2015, the Company issued 2,404,800 compensation options under a warrant indenture valued at $63,000 based on the services provided. Each option is exercisable at $0.05 per unit, and comprised of one common share and one half of one share purchase warrant, exercisable into one additional common share at a price of $0.07 per share until 24 months from the date of issuance.

On March 18, 2015, the Company paid an extension fee of $30,000 by issuing an aggregate of 600,000 units and one half of one share purchase warrant, exercisable into one common share at a price of $0.07 per share until 24 months from the date of issuance.

On March 18, 2015, the Company paid a going public success fee of $35,000 by issuing an aggregate of 700,000 units and one half of one share purchase warrant, exercisable into one common share at a price of $0.07 per share until 24 months from the date of issuance.

On March 26, 2015, 400,000 warrants were exercised for gross proceeds of $28,000. An additional $8,827 credited to share capital represents a transfer of the reserve for warrants in respect of the exercised warrants.

On March 27, 2015, 400,000 warrants were exercised for gross proceeds of $28,000. An additional $8,827 credited to share capital represents a transfer of the reserve for warrants in respect of the exercised warrants.

On March 30, 2015, 12,000 compensation options under the warrant indenture were exercised for $600 for 12,000 common shares and 6,000 share purchase warrants, exercisable at a price of $0.07 per share until March 16, 2017. An additional $314 credited to share capital represents a transfer of the reserve for warrants in respect of the exercised warrants.

On April 7, 2015, 160,000 warrants were exercised for $4,000 for 160,000 common shares and 80,000 share purchase warrants, exercisable at a price of $0.05 per share until April 8, 2016. An additional $2,000 credited to share capital represents a transfer of the reserve for warrants in respect of the exercised warrants.

On April 8, 2015, 6,000 warrants were exercised for gross proceeds of $420. An additional $132 credited to share capital represents a transfer of the reserve for warrants in respect of the exercised warrants.

On April 20, 2015, 500,000 warrants were exercised for gross proceeds of $35,000. An additional $11,034 credited to share capital represents a transfer of the reserve for warrants in respect of the exercised warrants.

On June 5, 2015, the Company issued 3,333,334 shares valued at $250,000 to satisfy the initial licensing and royalty commitment as described in Note 19.

On June 6, 2015, the Company issued 66,667 shares valued at $5,000 in exchange for 2% interest in NH Medicinal Dispensaries Inc. as described in Note 14.

On June 7, 2015, the Company issued 700,000 shares valued at $52,500 as compensation for services where the fair value of shares was determined based on the value of services received.

On July 31, 2015, the Company issued 111,111 shares valued at $5,000 as compensation for services where the fair value of shares was determined based on the value of services received.

On August 20, 2015, the Company issued 692,431 shares valued at $51,932 as the final instalment on its initial licensing obligations.

On September 7, 2015, the Company issued 406,668 shares valued at $20,333 as compensation for services where the fair value of shares was determined based on the value of services received.

On October 5, 2015, 8,000 warrants were exercised for gross proceeds of $400.

On October 23, 2015, a holder of the convertible debentures converted $180,000 in convertible debentures into 3,000,000 common shares of the Company at a share price of $0.06 per share.

On October 26, 2015, the Company issued 50,000 shares valued at $2,500 as compensation for services where the fair value of shares was determined based on the value of services received.

On November 5, 2015, 1,600,000 warrants were exercised for gross proceeds of $80,000.

On November 5, 2015, a holder of the convertible debentures converted $100,000 in convertible debentures into 1,666,667 common shares of the Company at a share price of $0.06 per share.

On November 11, 2015, a holder of the convertible debentures converted $70,000 in convertible debentures into 1,166,667 common shares of the Company at a share price of $0.06 per share.

On November 17, 2015, 1,000,000 warrants were exercised for gross proceeds of $50,000.

Cash costs in connection with the transactions amounted to $239,194.

Overall Performance

As at July 31, 2015, the Company had assets of $1,972,588, liabilities of $1,142,249 and shareholders' equity of $830,339. During the year ended July 31, 2015, the Company incurred a net loss of $2,083,645.

At July 31, 2015, the Company had working capital of $116,437 and cash of $19,567.

Selected Annual Information

Summarized selected financial information with respect to Nutritional High is as follows:

		Year ended July 31, 2015	**Period ended July 31, 2014**
Total expenses	$	(2,179,122)	(681,155)
Other income		110,762	-
Net loss		(2,068,360)	(681,155)
Foreign exchange translation		(15,285)	-
Net loss and comprehensive loss		(2,083,645)	(681,155)
Loss per share		(0.02)	(0.01)
Total assets		1,972,588	695,477
Total liabilities		1,142,249	220,150
Shareholders' Equity	$	830,339	475,327

Three months period ended July 31, 2015

The Company incurred a net loss of $699,055 or $0.008 per Common Share for the three month period ended July 31, 2015 compared with a net loss of $681,155 or $0.012 per Common Share for the same period ended July 31, 2014.

For the three month period ended July 31, 2015, management and consulting fees increased by $64,297 to $240,541 from $176,244 in the same period in 2014, and consisted of services provided by FMI Capital Advisory Inc., for strategic advisory services, Branson Corporate Services Ltd. for financial accounting services, including CFO services, and the President and CEO of the Company.

For the three month period ended July 31, 2015, professional fees, consisting of legal and audit fees, decreased by $57,543 to $30,688 from $88,231for the comparable period in the prior year.

The Company earned $85,947 in rental income on the Pueblo location for the three month period ended July 31, 2015, and $nil for the comparable period in the prior year.

Year ended July 31, 2015

The Company incurred a net loss of $2,083,645 or $0.02 per common share for the year ended July 31, 2015, compared with a loss of $681,155 or $0.01 per share for the same period ended July 31, 2014.

Management and consulting fees totaled $753,432 for the year end July 31, 2015 and $176,244 during the period ended July 31, 2014, and primarily consisted of services provided by FMI Capital Advisory Inc., for strategic leadership, Branson Corporate Services Ltd. for financial accounting, including CFO services and the President and CEO of the Company. Prior year consisted only of three months, compared to twelve months in the current year.

Professional fees, consisting of legal and audit fees, totaled $468,809 for the year ended July 31, 2015 and $88,231 during the period ended July 31, 2014. Prior year consisted only of three months, compared to twelve months in the current year.

The Company incurred $294,389 in office and general expenses for the year ended July 31, 2015 and $32,857 during the period ended July 31, 2014, and consisted primarily of travel and entertainment, marketing, printing and other miscellaneous costs. Prior year consisted only of three months, compared to twelve months in the current year.

The Company incurred share based payments of $286,000 for the year ended July 31, 2015 and $28,000 for the period ended July 31, 2014. Share based payments are recorded based on the valuation of options using the Black-Scholes model.

The Company incurred listing expense for the period ended July 31, 2014 of $355,823 in connection with the reverse takeover transaction, with fair value of share consideration paid of $287,840 in excess of net liabilities acquired of $67,983.

The Company earned $202,270 in rental income on the Pueblo location for the year ended July 31, 2015, and $nil for the comparable period in the prior year. A provision of $100,000 was taken against the rent receivable in the year.

Selected financial information for the previous quarters as follows:

Quarter ended	Revenues	Net loss and comprehensive loss	Net loss per share
July 31, 2014	$nil	$(681,155)	$(.012)
October 31, 2014	Snil	$(385,006)	$(.005)
January 31, 2015	$nil	$(367,651)	$(.005)
April 30, 2015	$nil	$(631,933)	$(.005)
July 31, 2015	$nil	$(699,055)	$(.008)

Liquidity and Financial Position

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company generates cash flow primarily from its financing activities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at July 31, 2015, the Company had current assets of $388,713, current liabilities of $272,276 and working capital of $116,437.

The following are the contractual maturities of financial liabilities at July 31, 2015:

	Total	Less Than 1 Year	1 to 2 Years	Greater than 2 Years
Accounts payable, accrued liabilities	$272,276	$272,276	-	-

Related Party Transactions and Key Management Compensation

NHL and FMICAI entered into an advisory and consulting agreement on May 1, 2014, FMICAI is a subsidiary of Foundation Financial Holdings Corp. ("**FFHC**"). FFHC is an entity in which an officer is a director of the Company. In consideration for services, NHL agreed to pay an initial advisory fee of $35,000 and a monthly fee of $8,000 commencing on May 1, 2014. An amendment to the agreement was entered into on October 27, 2014, to include a success fee of $70,000, payable upon successful completion of the IPO, half of which was paid in Units and half of the success fee in cash. A further amendment to the agreement was entered into on September 11, 2015 to increase the monthly fee to $16,000 effective January 1, 2015, for additional services to be rendered including ongoing executive management services, identifying qualifying real estate, assistance with licensing applications, implementing the business plan, seeking out state licensed providers, and assist in build-out of Pueblo facility . For the year ended July 31, 2015, NHL was charged $227,000 by FMICAI, which includes the $35,000 success fee. At July 31, 2015, $56,000 is included in accounts payable and accrued liabilities in relation to FMICAI.

For the year ended July 31, 2015, the Company incurred a finder's fee of $4,000 and issued 160,000 finder's warrants to Foundation Markets Inc., a company with a related director. This was in connection with the October 8, 2014 closing of the 4,000,000 unit private placement.

NHL and Branson entered into a management services agreement on May 1, 2014. The management services agreement includes the provision of services of the Company's Chief Financial Officer. Branson is an entity in which FFHC is a 49.0% shareholder. In consideration for services the Company agreed to pay $3,000 per month. An amendment to the agreement was entered into on October 1, 2014 to increase the fee to $5,000 per month. A further amendment to the agreement was entered into on October 27, 2014, to include a success fee of $30,000, which was paid upon the successful completion of the IPO. A further amendment to the agreement was entered into on March 1, 2015 to increase the fee to $6,000 per month. For the year ended July 31, 2015, the Company paid $68,000 for management services provided by Branson, and the $30,000 success fee. As at July 31, 2015, $nil is included in accounts payable and accrued liabilities in relation to Branson.

During the year ended July 31, 2015, Fogler, Rubinoff LLP ("**Fogler**") a law firm in which an officer and director of the Company is also a partner, provided $354,007 of legal services, which are included in professional fees. As at July 31, 2015, $15,111 due to Fogler is included in accounts payable and accrued liabilities.

On May 1, 2014, NHL entered into a general consulting agreement with Statis Rizas, a significant, but not controlling, shareholder. Mr. Rizas provided $15,000 of consulting services during the three month period ended October 31, 2014. The agreement was terminated on October 31, 2014, and Mr. Rizas was paid a termination fee of $10,000. As at July 31, 2015, $2,000 is included in accounts payable and accrued liabilities.

On October 31, 2014, the Company also issued 800,000 Common Shares and 800,000 warrants to Halki Holdings Inc., a company controlled by Mr. Rizas, valued at $40,000 and $2,691 respectively, in exchange for cancellation of debt in such amount owing to Mr. Rizas.

On January 27, 2015, Statis Rizas also advanced the Company a short-term, non-interest bearing loan for $15,000. This loan was repaid on March 17, 2015.

During the year ended July 31, 2015, $96,000 salary was paid to the Company's Chief Executive Officer. As at July 31, 2015, $11,040 is included in accounts payable and accrued liabilities.

During the year ended July 31, 2015, the Company issued 300,000 Common Shares to Billy Morrison as compensation for services valued at $22,500.

The Company has also issued a Subordinated Convertible Debenture in the principal amount of $150,000 to a group of lenders comprised of Adam Szweras, Statis Rizas and David Posner, all of whom are directors of the Company. During the year ended July 31, 2015, interest of $12,674 has been accrued on the Subordinated Debentures.

Disclosure of outstanding share data as of November 30, 2015

	Authorized	**Outstanding**
Voting or Equity securities issued and outstanding	Unlimited Common Shares	128,959,814 Common Shares
Securities convertible or exercisable into common shares		a) Options to acquire up to 10,950,000 Common Shares; b) 9,325,368 Series I Warrants; c) 150,000 Series II Warrants; d) 3,566,638 Series III Warrants; e) 15,794,000 Unit Warrants; f) 2,398,800 Compensation Options

		g) Senior Convertible Debenture in the principal amount of \$100,000, convertible into Common Shares at the Conversion Price, subject to Conversion Price Adjustment; h) Subordinate Convertible Debenture in the principal amount of \$150,000, convertible into Common Shares at the Conversion Price, subject to Conversion Price Adjustment; and i) 240,000 Finder's Warrants

Off-Balance Sheet Arrangements

As of July 31, 2015, the Company has no off balance sheet arrangements.

Critical Accounting Estimates

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of revenues, expenses, assets and liabilities. Actual results could defer from those estimates. The reported amounts and note disclosures reflect management's best estimate of the most probable set of economic conditions and planned course of action. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which these estimates are revised and in any future periods affected. Balances and transactions that are subject to a high degree of estimation are the continued use of the going concern assumption, the identification of separate components for revenue recognition purposes and estimates of costs to complete and other components leading to the percentage of completion determination for revenue recognition, valuation of income tax assets and research and development tax credits.

Information about such critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the Company's consolidated financial statements is included with the Company's significant accounting policies for such balance and transactions in Note 2 to the Company's audited financial statements for the year ended July 31, 2015. Changes in these estimates and assumptions could have a significant impact on the Company's financial statements.

Significant accounting policies

Share based payments

Share based payment transactions

Employees (including directors and senior executives) of the Company receive a portion of their remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment.

Equity settled transactions

The costs of equity-settled transactions with employees are measured by reference to the fair value of the equity instruments at the date on which they are granted.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the **vesting date**"). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in share option reserve.

No expense is recognized for awards that do not ultimately vest.

Loss per share

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

Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables, or at fair value through profit or loss ("**FVTPL**").

Financial assets classified as FVTPL are measured at fair value with realized gains and losses recognized through earnings. The Company's cash and cash equivalents are classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity are measured at amortized cost. The Company classified loans and other receivables as loans and receivables.

Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary. At July 31, 2015, the Company has not classified any financial assets as available for sale or held to maturity.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Financial liabilities

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

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

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of comprehensive income. At July 31, 2015, the Company had not classified any financial liabilities as FVTPL.

Cash

Cash in the statement of financial position is comprised of cash in bank and held in Company's lawyers trust account.

Related party transactions

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

Credit Risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, loan and other receivables. The Company has no significant concentration of credit risk arising from operations. The majority of the Company's cash is held in a trust account with the Company's lawyer. Remaining cash is held with a reputable Canadian chartered bank which is closely monitored by management. Management believes that the credit risk concentration with respect to financial instruments included in cash, loans and other receivables is minimal.

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company generates cash flow primarily from its financing activities. The Company has accumulated losses of $2,740,442 and expects to incur further losses in the development of its business. As at July 31, 2015, the Company had a cash balance of $19,567 and current liabilities of $272,276.

Risk Factors

There are numerous and various risks, known and unknown, that may prevent the Company from achieving its goals. It is believed that these are the factors that could adversely affect the Company's business, financial condition or results of operation. In such case, the trading price of the Common Shares could decline and investors could lose all or part of their investment. The following is a summary of certain risks that could be applicable to the business of the Company:

Limited Operating History

The Company has a very limited history of operations, is in the early stage of development and must be considered a start-up. As such, the Company is subject to many risks common to such 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 its early stage of operations. The Company has no history of earnings.

Because the Company has a limited operating history in emerging area of business, you should consider and evaluate its operating prospects in light of the risks and uncertainties frequently encountered by early-stage companies in rapidly evolving markets. These risks may include:

- risks that it may not have sufficient capital to achieve its growth strategy;
- risks that it may not develop its product and service offerings in a manner that enables it to be profitable and meet its customers' requirements;
- risks that its growth strategy may not be successful;
- risks that fluctuations in its operating results will be significant relative to its revenues; and
- risks relating to an evolving regulatory regime.

The Company's future growth will depend substantially on its ability to address these and the other risks described in this section. If it does not successfully address these risks, its business may be significantly harmed.

Reliance on Securing Agreements with Royalty Producers

The regulatory framework in most U.S. States restricts the Company from obtaining a License to grow, store and sell marijuana products. As such, the Company relies on securing agreements with Royalty Producers in the targeted jurisdictions that have been able to obtain a License with the appropriate regulatory authorities. Failure of a Royalty Producer to comply with the requirements of their License or any failure to maintain their License would have a material adverse impact on the business, financial condition and operating results of the Company. Should the regulatory authorities not grant a License or grant a License on different terms unfavorable to the Royalty Producers, and should the Company be unable to secure alternative Royalty Producers, the business, financial condition and results of the operation of the Company would be materially adversely affected.

If the federal government changes its approach to the enforcement of laws relating to marijuana, the Company would need to seek to replace those tenants with non-marijuana tenants, who would likely pay lower rents. It is likely that the Company would realize an economic loss on its capital acquisitions and improvements made to its capital assets specific to the marijuana industry, and the Company would likely lose all or substantially all of its investments in the markets affected by such regulatory changes.

Regulation

The activities of the Company are subject to regulation by governmental authorities. 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, for the sale of its products. The Company cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of the Company.

The Company's operations are subject to a variety of laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of marijuana but also including laws and regulations relating to health and safety, the conduct of operations and the protection of the environment. The Company is currently in compliance with all such laws. Changes to such laws, regulations and guidelines due to matters beyond the control of the Company may cause adverse effects to the Company's operations.

Local, state and federal laws and regulations governing marijuana for medicinal and recreational purposes are broad in scope and are subject to evolving interpretations, which could require the Company to incur substantial costs associated with bringing the Company's operations into compliance. In addition, violations of these laws, or allegations of such violations, could disrupt the Company's operations and result in a material adverse effect on its financial performance. It is beyond the Company's scope to predict the nature of any future change to the existing laws, regulations, policies, interpretations or applications, nor can the Company determine what effect such changes, when and if promulgated, could have on the Company's business.

U.S. Federal Laws

The concepts of "medical marijuana and "retail marijuana" do not exist under U.S. federal law. The Federal Controlled Substances Act classifies "marihuana" as a Schedule I drug. Under U.S. federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of safety for the use of the drug under medical supervision. As such, marijuana-related practices or activities, including without limitation, the manufacture, importation, possession, use or distribution of marijuana are illegal under U.S. federal law. Strict compliance with state laws with respect to marijuana will neither absolve the Company of liability under U.S. federal law, nor will it provide a defense to any federal proceeding which may be brought against the Company.

Regulation that may hinder the Company's Ability to Establish and Maintain Bank Accounts

The U.S. federal prohibitions on the sale of marijuana may result in Royalty Producers being restricted from accessing the U.S. banking system and they may be unable to deposit funds in federally insured and licensed banking institutions. While the Company does not anticipate dealing with banking restrictions directly relating to its business, banking restrictions could nevertheless be imposed due to the Company's banking institutions not accepting payments from Royalty Producers. Royalty Producers at times do not have deposit services and are at risk that any bank accounts they have could be closed at any time. Such risks increase costs to the Company and Royalty Producers. Additionally, similar risks are associated with large amounts of cash at these businesses. These businesses require heavy security with respect to holding and transport of cash, whether or not they have bank accounts.

In the event financial service providers do not accept accounts or transactions related to the marijuana industry, it is possible that Royalty Producers may seek alternative payment solutions, including but not limited to crypto currencies such as Bitcoin. There are risks inherent in crypto currencies, most notably its volatility and security issues. If the industry was to move towards alternative payment solutions and accept payments in crypto currency the Company would have to adopt policies and protocols to manage its volatility and exchange rate risk exposures. The Company's inability to manage such risks may adversely affect the Company's operations and financial performance.

Product Liability, Operational Risk

As a licensing company (in the case of the Company) and a manufacturer and distributor of products (in the case of the Licensed Operators) designed to be ingested by humans, the Licensed Operators and the Company face an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of marijuana-infused products based on the Company's recipes and brands involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of the Company's and the Licensed Operator's products alone or in combination with other medications or substances could occur.

Product Recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of the products developed by the Company and sold by Royalty Producers are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense relating to the recall and any legal proceedings that might arise in connection with the recall. In addition, a product recall may require significant management attention and could harm the image of the brand and Company.

Uninsurable Risks

The medical and retail marijuana business is subject to several risks that could result in damage to or destruction of properties or facilities or cause personal injury or death, environmental damage, delays in production and monetary losses and possible legal liability. It is not always possible to fully insure against such risks, and the Company may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company. The Company does not currently have any insurance policies covering its properties or the operation of its business and any liabilities that may arise as a result any of the above noted risks may cause a material adverse effect on the financial condition of the Company.

Additional Financing

The Company may need to raise significant additional funds in order to support its growth, develop new or enhanced services and products, respond to competitive pressures, acquire or invest in complementary or competitive businesses or technologies, or take advantage of unanticipated opportunities. If its financial resources are insufficient, it will require additional financing in order to meet its plans for expansion. The Company cannot be sure that this additional financing, if needed, will be available on acceptable terms, or at all.

Furthermore, any debt financing, if available, may involve restrictive covenants, which may limit its operating flexibility with respect to business matters. If additional funds are raised through the issuance of equity securities, the percentage ownership of existing shareholders will be reduced, such shareholders may experience additional dilution in net book value, and such equity securities may have rights, preferences or privileges senior to those of its existing shareholders.

Access to public and private capital and financing continues to be negatively impacted by many factors as a result of the global financial crisis and global recession. Such factors may impact the Company's ability to obtain debt and equity financing in the future on favorable terms or obtain any financing at all. Additionally, global economic conditions may cause a long term decrease in asset values. If such global volatility, market turmoil and the global recession continue, the Company's operations and financial condition could be adversely impacted.

Risks Affecting the Real Estate Industry

The Company is subject to risks generally associated with ownership of real estate, including: (a) changes in general economic or local conditions; (b) changes in supply of, or demand for, similar or competing properties in the area; (c) bankruptcies, financial difficulties or defaults by tenants or other parties (including Licensed Operators and Royalty Producers); (d) increases in operating costs, such as taxes and insurance; (e) the inability to achieve full stabilized occupancy at rental rates adequate to produce targeted returns; (f) periods of high interest rates and tight money supply; (g) excess supply of rental properties in the market area; (h) liability for uninsured losses resulting from natural disasters or other perils; (i) liability for environmental hazards; and (j) changes in tax, real estate, environmental, zoning or other laws or regulations. There is no assurance that the Company's investments will yield an economic profit.

Weakness in regional and national economies could materially and adversely impact the Licensed Operators and Royalty Producers leasing the real estate properties that the Company's may acquire in the future. If the Licensed Operators or Royalty Producers suffer a business disruption or the Company's ability to collect the rents from those parties may be limited, and the recourse available to the Company can be limited. As such, this may hinder the Company's ability to service its financial obligations, and in some cases may lead to complete loss of the Company's assets if its lenders were to foreclose.

Taxes

U.S. federal prohibitions on the sale of marijuana may result in the Company not being able to deduct certain costs from its revenue for U.S. federal taxation purposes if the U.S. Internal Revenue Service determines that revenue sources of the Company are generated from activities which are not permitted under U.S. federal law.

Illegal Drug Dealer Could Pose Threats

Currently, there are many drug dealers and cartels that cultivate, buy, sell and trade marijuana in the United States, Canada and worldwide. Many of these dealers and cartels are violent and dangerous, well financed and well organized. It is possible that these dealers and cartels could feel threatened by legalized marijuana businesses such as those with whom the Company does business and could take action against or threaten the Company, its principals, employees and/or agents and this could negatively impact the Company and its business.

Reliance on Management

The success of the Company is currently dependent on the performance of its senior management. The loss of the services of these persons would have a material adverse effect on the Company's business and prospects in the short term. There is no assurance the Company can maintain the services of its 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.

Factors which may Prevent Realization of Growth Targets

The Company is currently in the early development stage. There is a risk that the additional resources will be needed and milestones will not be achieved on time, on budget, or at all, as they can be adversely affected by a variety of factors, including some that are discussed elsewhere in these risk factors and the following as it relates to the Company and its Licensed Operators or Royalty Producers, as the case may be:

- delays in obtaining, or conditions imposed by, regulatory approvals;
- facility design errors;
- environmental pollution;
- non-performance by third party contractors;
- increases in materials or labour costs;
- construction performance falling below expected levels of output or efficiency;
- breakdown, aging or failure of equipment or processes;
- contractor or operator errors;
- labour disputes, disruptions or declines in productivity;
- inability to attract sufficient numbers of qualified workers;
- disruption in the supply of energy and utilities; and
- major incidents and/or catastrophic events such as fires, explosions, earthquakes or storms.

Risks Associated with Increasing Competition

The marijuana industry is highly competitive. The Company will compete with numerous other businesses in the medicinal and recreational industry, many of which possess greater financial and marketing resources and other resources than the Company. The marijuana business is often affected by changes in consumer tastes and discretionary spending patterns, national and regional economic conditions, demographic trends, consumer confidence in the economy, traffic patterns, local competitive factors, cost and availability of raw material and labour, and governmental regulations. Any change in these factors could materially and adversely affect the Company's operations.

The Company expects to face additional competition from new entrants. If the number of legal users of marijuana in its target jurisdiction increases, the demand for products will increase and the Company expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products.

The Products Provided by the Company to Royalty Producers May Become Subject to Regulation Governing Food and Related Products

Should the Federal government legalize marijuana for medical or recreational use nation-wide, it is possible that the U.S. Food and Drug Administration ("**FDA**") would seek to regulate the products under the Food, Drug and Cosmetics Act of 1938. The FDA may issue rules and regulations including certified good manufacturing practices related to the growth, cultivation, harvesting and processing of medical marijuana and marijuana-infused products. Clinical trials may be needed to verify efficacy and safety of the medical marijuana. It is also possible that the FDA would require that facilities where medical marijuana is cultivated be registered with the applicable government agencies and comply with certain federal regulations. In the event any of these regulations are imposed, The Company cannot foresee the impact on its operations and economics. If the Company or the Royalty Producers are unable to comply with the regulations and or registration as prescribed by the FDA or another federal agency, the Company or the Royalty Producer may be unable to continue to operate in its current form or at all.

Environmental and Employee Health and Safety Regulations

The Company's operations are subject to environmental and safety laws and regulations concerning, among other things, emissions and discharges to water, air and land, the handling and disposal of hazardous and non-hazardous materials and wastes, and employee health and safety. The Company will incur ongoing costs and obligations related to compliance with environmental and employee health and safety matters. Failure to comply with environmental and safety laws and regulations may result in additional costs for corrective measures, penalties or in restrictions on our manufacturing operations. In addition, changes in environmental, employee health and safety or other laws, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

Difficult to Forecast

The Company must 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 marijuana industry in Canada and the U.S. A failure in the demand for its products to materialize as a result of competition, technological change, market acceptance or other factors could have a material adverse effect on the business, results of operations and financial condition of the Company.

Holding Company

As a holding company with no material assets other than the stock of the Company's operating subsidiaries and intellectual property, nearly all of the Company's funds generated from operations are generated by the Company's operating subsidiaries. The Company's subsidiaries are subject to requirements of various regulatory bodies, both domestically and internationally. Accordingly, if the Company's operating subsidiaries are unable, due to regulatory restrictions or otherwise, to pay the Company's dividends and make other payments to the Company when needed, the Company may be unable to satisfy the Company's obligations when they arise.

Management of Growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Dividends

The Company has no earnings or dividend record, and does not anticipate paying any dividends on the Common Shares in the foreseeable future. Dividends paid by the Company would be subject to tax and, potentially, withholdings.

Currency Exchange Rates

Exchange rate fluctuations may adversely affect the Company's financial position and results. It is anticipated that a significant portion of the Company's business will be conducted in the United States using U.S. dollars. The Company's financial results are reported in Canadian Dollars and costs are incurred primarily in U.S. dollars in its Marijuana–Infused Products Segment. The depreciation of the Canadian Dollar against the U.S. Dollar could increase the actual capital and operating costs of the Company's U.S. operations and materially adversely affect the results presented in the Company's financial statements.

Officers and Directors of the Company Own Significant Shares and Can Exercise Significant Influence

The officers and directors of the Company, as a group, own a substantial number of the outstanding common shares (on a fully diluted basis). As such, as shareholders, the officers and directors will be able to exert significant influence on matters requiring approval by shareholders, including the election of directors and the approval of any significant corporate transactions. The concentration of ownership may also have the effect of delaying, deterring or preventing a change in control and may make some transactions more difficult or impossible to complete without the support of these shareholders.

Non-compliance with federal, provincial or state laws and regulations, or the expansion of current, or the enactment of new laws or regulations, could adversely affect the Company's Business.

The activities of the Company are subject to regulation by governmental authorities. 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, for the sale of its products. The Company cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the Business, results of operations and financial condition of the Company.

While cannabidiol ("**CBD**") can be found in certain strains of cannabis, which faces significant restrictions on use and distribution under the United States Controlled Substances Act ("**CSA**"), the Company is not sourcing CBD from cannabis at present.

While oil derived from industrial hemp stalk that has naturally occurring THC content equal to or less than 0.3% is excluded from the definition of marijuana under the CSA, there is no certainty that this exclusion could not be altered by court or governmental action or re-interpretation. There is no certainty that the United States Food and Drug Administration ("**FDA**") will not regulate the use of hemp oil as a drug and prohibit use as a dietary ingredient. There is no certainty that hemp oil will be considered a grandfathered dietary ingredient under the Dietary Supplement Health and Education Act of 1994 ("**DSHEA**"), or would otherwise be permitted for use under the DSHEA.

The Company relies on the supply of hemp stalk oil extracts, which is imported into the United States from other countries, as the United States Drug Enforcement Administration ("**DEA**") has taken a position that CBD is a marijuana derivative and, therefore, a Schedule I drug. Currently, the definition of "marijuana" in the CSA does not include the plant's "mature stalks", which are used to create hemp (which only contains trace amounts of THC and has no psychoactive effect). Hemp stalk oil is not scheduled under the CSA and therefore, is also not under the enforcement authority of the DEA. Currently, the DEA does not take jurisdiction over hemp stalk oil products, but controls hemp cultivation, and companies that wish to cultivate hemp in the United States must apply for a permit with the DEA. If in future DEA takes jurisdiction to regulate hemp stalk oil products, the Company may become subject to additional licensing requirements, which may require additional capital. There is no assurance that the Company will be able to obtain any such licenses, or be eligible to apply for such licenses, which would adversely affect the Company's Business.

Internal Control over Financial Reporting

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

During the year ended July 31, 2015, there were no changes in the Company's internal control over financial reporting that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Company's President and Chief Executive Officer and Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure. As at July 31, 2015 covered by this management's discussion and analysis, management of the Company, with the participation of the President and Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as required by Canadian securities laws. Based on that evaluation, the President and Chief Executive Officer and the Chief Financial Officer have concluded that, as of the end of the period covered by this management's discussion and analysis, the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the Company's annual filings and interim filings (as such terms are defined under Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings) and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws and that material information is accumulated and communicated to management of the Company, including the President and Chief Executive Officer and the Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Cautionary Note Regarding Forward Looking Statements

This Management's Discussion and Analysis includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of Management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Examples of such statements include, without limitation: the intention to complete the listing; the description of the Company that assumes completion of the listing of its Common Shares; the intention to grow the business and operations of the Company; anticipated timing for the ability of the Company to agree to terms of royalty agreements with Royalty Producers; expected growth in the number of users of Medical Marijuana in Canada; the risk of foreign exchange rate fluctuations, the ability of the Company to fund the capital and operating expenses necessary to achieve its business objectives, the uncertainty associated with commercial negotiations and risks associated with international business activities, as well as those risks described in public disclosure documents filed by the Company. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in securities of the Company should not place undue reliance on these forward-looking statements.

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

Management's Responsibility for Financial Information

Management is responsible for all information contained in this report. The audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and include amounts based on management's informed judgments and estimates. The financial and operating information included in this report is consistent with that contained in the audited consolidated financial statements in all material aspects.

Management maintains internal controls to provide reasonable assurance that financial information is reliable and accurate and assets are safeguarded.

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

November 30, 2014

David Posner
Chief Executive Officer