



Global Hemp Group Inc.

Management Discussion and Analysis
Year ended September 30, 2016

Management's Discussion and Analysis

The following is management's discussion in respect of the results of operations and financial position of Global Hemp Group Inc., (the "Company" or "GHG") for the year ending September 30, 2016 and should be read in conjunction with the Company's audited annual financial statements for the same year ending September 30, 2016. The Company's financial statements have been presented in accordance with International Financial Reporting Standards and are presented in Canadian dollars unless otherwise specified. Additional information, including the above mentioned financial statements, which contain extensive disclosure of the history of the Company are available on SEDAR (www.sedar.com) and at the Company's website (www.globalhempgroup.com)

This MD&A has been prepared effective as of January 30, 2017

Forward Looking Statements

The information presented in this MD&A contains statements concerning future results, future performance, intentions, objectives, plans and expectations that are, or may be deemed to be, "forward-looking statements" or "forward-looking information" (collectively "forward-looking statements") as those terms are used in the Private Securities Litigation Reform Act of 1995 and similar Canadian laws.

Such forward-looking statements, including but not limited to those with respect to the price of metals, the timing and amount of estimated future mineralization and economic viability of properties, capital expenditures, costs and timing of exploration projects, permitting timelines, title to properties, the timing and possible outcome of pending exploration projects and other factors and events described in this MD&A involve known and unknown risks, uncertainties and other factors such as general economic and business conditions, change in foreign currency exchange rates, 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 such forward-looking statements. Since forward looking statements address future events and conditions, by their nature, they involve inherent risks and uncertainties. Readers should verify all claims and do their own due diligence before investing in any securities mentioned or implied in this document. Investing in securities is speculative and carries a high degree of risk.

These statements are based on management's current expectations and are subject to a number of uncertainties and risks that could cause actual results to differ materially from those described in the forward-looking statements. Forward-looking statements are based on management's current plans, estimates, projections, beliefs, and opinions and we do not intend nor do we undertake any obligation to update or revise any forward-looking statements whether written or oral that may be made by or on the Company's behalf should the assumptions related to these plans, estimates, projections, beliefs and opinions change, except as required by securities law.

The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward looking statements.

Forwarding looking statements	Assumptions	Risk factors
<i>The Company may further raise capital in the future to finance the Company's operations through equity or debt financing, including related party loan, or through other arrangements including but not limited to joint-venturing.</i>	<i>Based on management's current plan in raising capital in the future.</i>	<i>Change in interest rate, support by related parties, change in condition of capital market</i>

Overall Performance

Background & Nature of Business

Global Hemp Group Inc. (formerly Arris Holdings Inc.) was incorporated on October 30, 2009 in British Columbia, Canada and had its name change effective on March 24, 2014. The company's principal activity had been exploration and development of mineral properties in prior periods and changed to agriculture and manufacturing in the industrial hemp sector on March 24, 2014 when the Company changed its name to Global Hemp Group Inc.

The Company's office is Suite #106 – 1169 Mt. Seymour Road, North Vancouver, BC, V7H 2Y4. The Company's common shares are currently traded on Canadian Securities Exchange ("CSE") under the symbol "GHG", on Boerse-Frankfurt Exchange under the symbol "GHG", on XETRA Exchange in Europe under the symbol GHG, and on the USA OTC Markets under the symbol "GBHPF".

The Company is focused on acquiring and/or joint venturing with companies across all sectors of the hemp and cannabis industries in an effort to build a "soil-to-shelf" portfolio of complementary companies that will enable GHG to capture cash flow, revenues and value from its acquisitions and establish a far greater collective valuation than GHG or the individual companies would have on their own.

There is a perfect storm on the horizon for the hemp and cannabis industries, as there is significant economic need for job creation and tax generation in most countries around the world, along with a strong demand for sustainable technologies, low carbon footprint housing, highly nutritional food and effective medicines. Hemp and cannabis can provide many of these necessary solutions and GHG is well positioned to take advantage of these oncoming changes.

State of the Hemp and Cannabis Industries in the United States

As the hemp industry continues to mature, more detailed data is becoming available. Previously, the Hemp Industry Association (HIA) had calculated the size and growth of the hemp market in the U.S. based on approximations of sales in the categories of textiles, auto parts, building materials and other products, in addition to known data on the sales of hemp foods and body care. Now that there is more specific information available, the HIA has updated its formula to reflect a more conservative, but more accurate estimate of \$573 million in sales for the hemp market for 2015.

Thirty-one states have now passed legislation that allow hemp farming as part of the 2014 U.S. Farm Bill. The HIA estimates that approximately 10,000 acres of hemp crops were planted in the U.S. in 2016. By comparison, it has been reported by Health Canada that there was a total of 75,000 acres of hemp grown in Canada in 2015, making it a more established market to operate in.

In the past two decades, several feasibility and marketing studies have been conducted by researchers at the USDA and various land grant universities and state agencies. Studies by researchers in Canada and various state agencies provide a mostly positive market outlook for growing hemp, citing rising consumer demand and the potential range of product uses for hemp. Some state reports claim that if the current restriction on growing hemp in the United States were totally removed, agricultural producers in their states could benefit. Other studies highlight certain production advantages associated with hemp or acknowledge hemp's benefits as a rotational crop or further claim that hemp may be less environmental degrading than most other agricultural crops. Some studies also claim certain production advantages to hemp growers, such as relatively low input and management requirements for the crop. (*CRS, Hemp as an Agricultural Commodity, Johnson, Renee, Jan. 26, 2016*)

By contrast the size of the market for legal marijuana (medicinal and recreational) in the United States is projected to grow to \$7.1 billion in 2016, according to a report by New Frontier and ArcView Market Research. That represents 26%

growth over the previous year, driven largely by adult recreational sales of marijuana. Legal adult recreational marijuana sales in the U.S. exceeded \$998 million in 2015 compared to \$351 million in 2014, a 184% year-over-year growth rate. Now that four additional states legalized recreational marijuana in November 2016, it is expected that these numbers will increase significantly over the next two years.

Business Outlook

Management is actively looking at new projects in both the hemp and cannabis space that can be acquired to produce near term revenue. The Company continues to focus on developing its vision for an Agro-Industrial Zone (see below), a value-added hemp processing zone which is strategically located adjacent to hemp farming areas, that can process the entire hemp plant. These zones are designed to be replicated in any region where the law allows for the growing of industrial hemp. The Company has now signed a Letter of Intent (LOI) to partner on an Agro-Industrial Zone in the United States, and is currently exploring opportunities to replicate the Zone in Canada.

In addition, since joining the Global Hemp's Advisory Board, Frank Giese has been advising the Company on matters relating to hemp and cannabis genetics and exploring other industry opportunities within the states of Washington and Oregon.

Agro-Industrial Zone

On July 29, 2015 the Company signed a LOI to form a Joint Venture with Western Sierra Mining Corp. (WSM) of Edmond, Oklahoma for the acquisition of agricultural lands for the purpose of hemp cultivation and the development of a value-added hemp processing zone. The completion of the transaction is subject to a number of conditions, including signing of a Definitive Agreement.

The project requires funding of approximately US\$10 million, allocated in multiple tranches over a 12 to 18 month time horizon. Subsequent expansion could potentially be self-funded from production and processing revenues.

On January 26, 2016, the LOI between Global Hemp Group and Western Sierra Mining was amended so that the deadline for the signing of a Definitive Agreement was changed to, "within 60 days after funding has been received for the project".

This Hemp Processing Zone will be the first of its kind in exploiting the full potential of the crop, in just one location. The vision for the Processing Zone is to not only process the hemp plant for seed, but to transform the seed into oil and protein powder for the food industry, utilize the leaves and flowers to extract Cannabidiol (CBD) for this rapidly emerging industry, and to process the straw into fibre, hurd (woody core) and dust. The fibre will be further processed for the textile industry to supplement cotton and synthetic fibres. The hurd will be processed into chips to be utilized in sustainable building materials for the construction industry, and the dust recovered will be pelletized for a variety of target markets. Initial building materials produced will be utilized in the construction of the processing facilities and affordable work force housing for the Company's employees. The design and construction of the hemp processing zone will incorporate sustainable materials and technologies with the goal of achieving a near net-zero carbon footprint. These facilities will produce sustainable hemp products that will replace carbon based products and sequester CO₂ permanently.

The Hemp Processing Zone will also stimulate rural development and job creation in regions that need it most. This zone could potentially create 50 to 100 jobs upon initial launch, with the potential to ultimately create as many as 500 to 1,000 jobs as hemp production expands and the processing facilities are scaled up to accommodate increased production.

The partners have now identified a location suitable for the project and continue to work on arranging the necessary capital to proceed.

Skunk Magazine Acquisition

As part of the intention to develop a media division, the Company announced the signing of a Letter of Intent to acquire a 100% interest in Skunk Magazine, a well-known publication in the cannabis space. After much consideration, Management has decided not to proceed with this acquisition.

House of Hemp Acquisition

Previously the Company had signed a Letter of Intent to acquire a 50% interest in House of Hemp (Pty) Ltd., the premier hemp company in South Africa. Management has decided not to proceed with this acquisition, as it now intends to focus on projects in Canada and the United States.

Business Update

Hemp Seed Sales to Colorado Hemp Works

During Fiscal 2016, Global Hemp sold 3.25 tons of whole hemp seed to Colorado Hemp Works (CHW), a U.S. based commercial hemp seed processor, to complete testing of their oil pressing equipment. On successful testing, CHW had expressed an interest in committing to a long-term supply contract for the purchase of seed from the Company. To comply with U.S. regulations to import hemp seed into the country, the seed is required to be sterilized. Unfortunately, the sterilizing process damages the whole seed significantly, degrading the quality of the seed and making it unusable for oil pressing. In light of this, no additional orders were placed.

Convertible Debenture Financing

On December 17, 2015, the Company completed the first tranche of a non-brokered private placement of Convertible Debentures for gross proceeds of \$27,000. The principal amount of the Debentures matures within three years and accrues interest at 15% per annum, payable on the maturity date. The principal amount of the Debentures is convertible into common shares of the Company and any accrued but unpaid interest thereon is convertible into shares at a price of \$0.015 per share at any time before the maturity date. For every \$1,000 of the Debenture purchased, the investor received 20,000 warrants exercisable at a price of \$0.05 per share for a period of three years.

Private Placement Financing

Subsequent to fiscal year ended September 30, 2016 on December 18, 2016 pursuant to a private placement, the Company issued a total of 1,600,000 units at a price of \$0.03 per unit for gross proceeds of \$48,000. Each unit consists of one common share of the Company and one share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at a price of \$0.05 per common share exercisable up until December 18, 2014.

Selected Yearly Information

Selected annual information of the Company in the last three years is as follows:

	2016	2015	2014
	\$	\$	\$
Net Loss	65,946	482,863	2,613,958
Net Loss per share, basic & diluted	0.00	0.00	0.02
Total Assets	9,309	37,568	1,506,595
Total Long Term Liabilities	186,220	259,330	-
Cash Dividend	-	-	-

Selected Quarterly Information

The following table summarizes the results of operations for the Company's eight most recent quarters.

	Quarter Ended							
	September	June	March	December	September	June	March	December
	30, 2016	30, 2016	31, 2016	31, 2015	30, 2015	30, 2015	31, 2015	31, 2014
	\$	\$	\$	\$	\$	\$	\$	\$
Operating expenses	(39,132)	(13,353)	(21,857)	(20,354)	(41,623)	(204,296)	(65,445)	(25,545)
Net Income (Loss) from continued operations & net loss	2,486	(19,936)	(25,063)	(23,433)	(83,960)	(256,724)	(104,583)	(55,545)
Loss per share, basic & diluted	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)

The Company is in its early stage and has not earned a significant amount of revenue since inception. Its past results of operation were not subject to seasonality. During the second quarter ended March 31, 2014 ("2014 Q2"), the Company had new management team and switched its focus in the agriculture and manufacturing in industrial hemp sector. As a result, the operating expenses incurred in 2014 Q2 increased and management expects operating costs may go up further when the Company started to increase its business activities in the future.

Results of Operations

Year Ended September 30, 2016 ("Fiscal 2015")

Loss for Fiscal 2016 was \$65,946 (Fiscal 2015 – loss of \$482,863). The \$65,946 loss was mainly a combined result of having operating expenses of \$94,696 (Fiscal 2015 –\$336,909), and foreign exchange reserve deficit realized on dissolution of foreign subsidiary of \$24,900 (Fiscal 2015 - \$NIL) foreign exchange gain of \$828 (Fiscal 2015 – \$1,821 loss), vendor credit of \$53,000 (Fiscal 2015 - \$NIL).

Operating expenses decreased by \$389,645 as the Company made an effort to streamline the business, conserve cash to ensure long-term sustainability of the business. Main components of operating expense are consulting fees of \$31,612 (Fiscal 2015 - \$174,016), interest related to the convertible debentures and note payable issued during the year of \$28,728 (2015-\$22,423) and trust and filing fees of \$14,481 (Fiscal 2015 - \$29,526). The trust and filing fees increased as the Company incurred expenditures for listing its shares on Boerse-Frankfurt Exchange, on US OTC market.

As at September 30, 2016, the Company had \$563 cash (September 30, 2015 - \$3,559), accounts payable and accrued liabilities of \$275,699 (September 30, 2015 - \$219,454), notes payable of \$23,394 (September 30, 2015 - \$20,191), convertible debentures of \$186,220 (September 30, 2015 - \$259,330) and \$3,093,107 in share capital (September 30, 2015 - \$2,967,168).

The increase in share capital is due to conversion of convertible debentures of \$125,939 into 4,685,601 common shares.

Quarter ended September 30, 2016 (2016 Q4)

Net income for 2016 Q4 was \$2,486 (2015 Q4 –Loss of \$83,960). The \$2,486 net income was mainly a combined result of having operating expenses of \$39,132 (2015 Q4 –\$41,256), foreign exchange reserve deficit realized on dissolution of foreign subsidiary of \$24,900 (Fiscal 2015 - \$NIL) foreign exchange loss of \$724 (Fiscal 2015 – \$1,821 loss), vendor credit of \$53,000 (Fiscal 2015 - \$NIL).

As discussed above, the Company made an effort to streamline the business, conserve cash to ensure long-term sustainability of the business. As a result, operating expenses in 2015 Q4 decreased significantly comparing to the same quarter in last year.

Main components of operating expense are interest of \$6,895 (2015 Q4-\$18,948), consulting fees of \$1,310 (2015 Q4 - \$11,927), and professional fees of \$13,500 (2015 Q4 - \$15,743).

Liquidity and Capital Resources

Financing of operations has been achieved primarily through equity and debt financing. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they are due. As at September 30, the Company had a working capital deficiency of \$290,009.

Management realizes that the current liquidity and capital on hands are not sufficient to develop the Company into a viable business. In order to eliminate the working capital deficiency, the Company completed a private placement on December 18, 2016. The Company issued a total of 1,600,000 units at a price of \$0.03 per unit for gross proceeds of \$48,000. Each unit consists of one common share of the Company and one share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at a price of \$0.05 per common share exercisable up until December 18, 2014. (see "Convertible Debenture Financing" subsection).

The Company may further raise capital in the future to finance the Company's operations through equity or debt financing, including related party loan, or through other arrangements including but not limited to joint-venturing.

While the Company believes it will be able to raise additional financing when required, there is no guarantee that the Company can complete equity or debt financings in the future. There are inherent risks associated with the equities market and fluctuations in this market could negatively impact the Company's liquidity and access to capital resources. See the "Risks and Uncertainties" for further discussion of the risks the Company may have.

The Company does not have capital commitments and its capital resources are not subject to external restrictions. During Fiscal 2016, the Company received \$10,000 from its financial activities by issuing convertible debentures throughout the year.

Proposed Transactions

There are no proposed transactions that may have material impact to the Company except the Proposed Financing disclosed in the above

Outstanding Share Data

As at the date of this MD&A, the Company has the following shares or equities that are convertible to the Company's

share capital on a one-to-one basis:

Class A Common Shares	146,638,762
Warrants	13,950,855
Stock Options	6,400,000

Off-Balance Sheet Arrangements

The company does not have off-balance sheet arrangements.

Transactions with Related Parties

Key Management Compensation:

	Nature of transaction	September 30, 2016	September 30, 2015
		\$	\$
Directors	Share based compensation	-	23,400
Former director	Consulting fees	-	10,000
Companies controlled by the relative of a former director	Consulting fees	-	17,500

As at September 30, 2016, \$1,225 (2015-\$Nil owing to the CEO) was owing to the CFO to the company.

During the year ended September 30, 2016, a director of the Company provided the Company a credit of \$53,000 for consulting fees provided during the year ended September 30, 2014.

Financial Instruments and Other Instruments

Refer to Notes 3 and 11 to the Company's audited financial statements for the year ended September 30, 2016.

Changes in Accounting Policies including Initial Adoption

Refer to Notes 3 to the Company's audited financial statements for the year ended September 30, 2016.

Risks and Uncertainties

Readers are cautioned that the foregoing lists of risks, uncertainties and other factors are not exhaustive. Significant risks of the Company's business include the following:

New Business

Our business is subject to risks inherent in the establishment of a new business enterprise, such as limited historical financial information, limited capital resources and the inability to raise additional funds when required. No commitments to provide additional funds have been made by management or other shareholders.

Dilution to the Existing Shareholders

The Company is very likely to further issue common stock to raise additional capital. The issuance of additional equity securities by the Company could result in a significant dilution in the equity interests of existing shareholders.

Reliance on Management's Expertise

GHG strongly depends on the expertise of its management team and there is little possibility that this dependence will decrease in the near term. The loss of the services of any member of such team could have a material adverse effect on the Company. GHG does not have any key person insurance in place for management.

Permits and Licenses

The hemp and cannabis industries may require the Company to obtain regulatory or other permits and licenses from various governmental licensing bodies. There can be no assurance that the Company will be able to obtain all necessary permits and licenses that are required to carry out the Company's hemp and cannabis business.

Conflicts of Interest

Certain of the directors of the Company also serve as directors and/or officers of other companies in similar line of business. Consequently, there exists the possibility for such directors to be in a position of conflict. Any decision made by such directors involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such directors will declare, and refrain from voting on, any matter in which such directors may have a conflict of interest.

Financial and Disclosure Controls and Procedures

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they make. Investors should be aware that inherent limitations on the ability of the Company's certifying officers to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

In connection with Exemption Orders issued in November 2007 and revised in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis.

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 does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

Directors and Officers

Charles Larsen	Director, President & CEO
Curt Huber	Director & CFO
Dr. Paul Perrault	Director
Jeffrey Kilpatrick	Director