GLOBAL HEMP GROUP INC.

ANNUAL INFORMATION FORM

For the Financial Year Ended September 30, 2016

Dated January 5, 2018

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INTRODUCTORY NOTES

Date of Information

All information contained in this Annual Information Form ("**AIF**") is current as of September 30, 2016 with subsequent events disclosed to January 5, 2018.

Currency and Exchange Rates

All dollar amounts herein are expressed in Canadian dollars unless otherwise indicated.

Forward-Looking Information

This AIF contains certain statements, which may constitute "**forward-looking information**" within the meaning of Canadian securities law requirements ("forward-looking statements"). These forward-looking statements are made as of the date of this AIF and Global Hemp Group Inc. ("**GHG**" or the "**Company**") does not intend, and does not assume any obligation, to update these forward-looking statements, except as required under applicable securities legislation. Forward-looking statements relate to future events or future performance and reflect Company management's expectations or beliefs regarding future events. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. In this document, certain forward- looking statements are identified by words including "may", "future", "expected", "intends" and "estimates". By their very nature 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. The Company provides no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Certain forward-looking statements in this AIF include, but are not limited to the following:

- the expected growth in the Company's growing capacity;
- the entry of the Company into the production and distribution of industrial hemp products and derivatives;
- the ability to renew the Company's licenses from Health Canada;
- performance of the Company's business and operations;
- the Company's expectations regarding revenues, expenses and anticipated costs;
- future production costs and capacity;
- the legalization of cannabis for recreational use in Canada, including federal and provincial regulations pertaining thereto and the timing related thereof and the Company's intentions to participate in such market, if and when such market is legalized;
- the medical benefits, viability, safety, efficacy, dosing and social acceptance of industrial hemp and cannabis;

- the Company’s plans with respect to the payment of dividends;
- the impact of general business and economic conditions;
- whether GHG will continue to be in compliance with regulatory requirements;
- whether the key personnel will continue their employment with GHG;
- its expectations regarding production capacity and production yields; and
- the expected demand for products and corresponding forecasted increase in revenues.

The above and other aspects of the Company’s anticipated future operations are forward-looking in nature and, as a result, are subject to certain risks and uncertainties. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, undue reliance should not be placed on them as actual results may differ materially from the forward-looking statements. Such forward-looking statements are estimates reflecting the Company's best judgment based upon current information and involve a number of risks and uncertainties, and there can be no assurance that other factors will not affect the accuracy of such forward-looking statements. Such factors include but are not limited to the Company’s ability to obtain the necessary financing and the general impact of financial market conditions, the yield from marijuana growing operations, product demand, changes in prices of required commodities, competition, government regulations and other risks as set out under “*Risk Factors*” below.

CORPORATE STRUCTURE

Name, Address, and Incorporation

Global Hemp Group Inc. (formerly Arris Holdings Inc.) was incorporated on October 30, 2009 in British Columbia, Canada under the *Business Corporation Act (British Columbia)* 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 the Canadian Securities Exchange (the "**CSE**" or the "**Exchange**") 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.

Intercorporate Relationships

The Company had one wholly owned subsidiary based in the United States, "Global Hemp Group, Inc.", this subsidiary was dissolved on December 2, 2015 by the Company.

As of the date of this AIF, the Company has no subsidiaries.

GENERAL DEVELOPMENT OF THE BUSINESS

Three-Year History

Set forth below are the major events in the last three years that have influenced the general development of the business of the Company.

Selected annual information of the Company in the three most recently ended financial 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	-	-	

2014 Developments

On March 24, 2014, the Company's principal activity changed to agriculture and manufacturing in the industrial hemp sector, when the Company changed its name to Global Hemp Group Inc.

During financial year ended September 30, 2014, the Company entered into a letter of intent with Africa Frontier Partners ("**AFP**") with the intention to introduce industrial hemp to the African nations that AFP represents. After slow progress due to the education of government officials, the Company shifted its initial focus to South Africa which is much more progressive on the subject of hemp.

On April 4, 2014, the Company completed a private placement of 3,000,000 units at $0.10 per unit (each a "**Unit**"). Each Unit consisted of one common share and one share purchase warrant exercisable into one additional common share at $0.15 per common share and expiring on August 6, 2016. Finders' fees of $9,880 was paid and 98,880 finder's warrants with the same terms as the unit warrants were issued in connection with this private placement.

In April 2014 the Company entered in various hemp grain production contracts (collectively the "**Initial Agreement**") to purchase 1,500,000 pounds of cleaned, raw hemp seed at a price of $1.00 per pound for a total of $1,500,000, from a group of seven Alberta farmers ("**Farming Group**"). The Initial Agreement called for escrow payments of $375,000 to be made in May, July and September 2014 (75% of the contract value), with the balance on delivery.

On April 15, 2014, the Company received an exclusive 5 year off take agreement ("**HNI Agreement**") from HempNatura, Inc. ("**HNI**"). Pursuant to the terms and condition of this HNI Agreement, HNI agrees to purchase their raw material used in production exclusively from the Company.

The Company deposited the first payment of $150,000 into the escrow account as required, but was unable to meet the remaining payments and went into default on the Amended Agreement. In November and December 2014, subsequent to the year ended September 30, 2014, New Organics Inc. ("**New Organics**"), a private U.S. Company paid for and received 200,000 pounds of the seed (13.3% of the contract), from the 1.5 million pounds of hemp seed provided by the farmers. New Organics intended to enter into a formal contract with the Farming Group to acquire all 1.5 million pounds of seed at the price of $1.00 per pound upon the execution of a settlement agreement between the farmers and GHG.

In July 2014 the Company negotiated amended agreements which called for payments of $150,000 to be deposited in trust on signing of the agreement, $250,000 on July 31st, 2014 and $375,000 on September 15th, 2014, with the balance due on delivery of the 1.5 million pounds of hemp seeds (collectively the "**Amended Agreement**"). As an inducement to amend the agreement, the Company agreed to issue the farmers a total of 1,500,0000 warrants exercisable at a price of $0.15 per share for a period of three years from the date of issuance.

To strengthen the relationship with HempNatura, the Company also entered into an agreement to purchase 20 percent of the common shares of HempNatura Inc. for USD$250,000 (the "**Transaction**"). In exchange, the Company also received a promissory note issued by HempNatura Inc. with the principal of USD$250,000.

On August 1, 2014, the Company completed a private placement of 4,668,104 units at $0.10 per unit. Each unit consists of one common share and one share purchase warrant exercisable into one additional common share at $0.15 per share and expiring in three years. 2,230,000 of the shares were issued in settlement $223,000 of accounts payable.

During financial year ended on September 30, 2014, Charles Larsen was appointed director and Chief Executive Officer on December 12, 2013 and subsequently President on April 15, 2014. Dr. Reid Jilek and Mikhail Gurfinkel were elected as directors on February 7, 2014.

On November 17, 2014 Curt Huber, a corporate and financial consultant, with over 25 years of public company experience was appointed as a Director of the Company replacing Mikhail Gurfinkel. On December 29, 2014 Dr. Paul Perrault, a consultant trained in co-operative development (MA) and economics of rural development (PhD), was appointed as a Director of the Company to replace Sandy Janda, and on January 19, 2015, Jeff Kilpatrick, a consultant specializing in Criminal Justice Administration and a member of LEAP **-** Law Enforcement Against Prohibition was also appointed to the Board.

<u>Shares Issued for Debt</u>

On April 11, 2014, the Company issued 2,332,580 common shares with a fair value of $256,585 to officers and directors to settle debt of $233,259. A loss of $23,236 was recognized on this transaction.

<u>Warrants Exercised</u>

During the year ended September 30, 2014, 10,000,000 warrants were exercised at $0.02 per warrant. 2,500,000 of the warrants were exercised in settlement of a $50,000 loan.

2015 Developments

On January 15, 2015, the Company granted 1,300,000 stock options to directors and officers. Each option can be exercised into one common share of the Company at $0.10 per share and vested immediately. All these options will expire on January 15, 2019.

On July 29, 2015 the Company signed a Letter of Intent to form a Joint Venture with Western Sierra Mining Corp. ("**WSM**") of Edmond, Oklahoma, USA, for the acquisition of agricultural lands for the purpose of hemp cultivation and the development of a *Value-Added Hemp Processing Zone*, strategically located adjacent to hemp farming areas.

As part of the development of its 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, a Canadian print-based, cannabis-focused magazine offering feature articles about cannabis cultivation, legislation, medical and adult use of cannabis, the sustainable and social solutions that hemp offers, and exposing the secrets of the worldwide "war on drugs".

The Company has signed a Letter of Intent to acquire a 50% interest in House of Hemp (Pty) LTD ("**HoH**"). On completion of this acquisition the Company will have an opportunity to tap into the premier hemp company in that country, just as the hemp industry is about to open up to commercial production and distribution. Founded in 1999, House of Hemp is South Africa's largest supplier of hemp raw material and finished products and the only company in South Africa to been awarded a permit from the Department of Agriculture and the Department of Health to legally cultivate and process hemp in South Africa. The consideration for this transaction is anticipated to be a combination of 50% cash and 50% common shares of GHG or other such combination as is suitable to the parties, with any cash component only being used for direct investment in the development of new hemp-based businesses and/or enhancement of ongoing business endeavors, as outlined in the current HoH business plan.

In August 2015 GHG completed the sale and delivery of 5 tons of live hemp seed and 500 kg of hemp nut to HoH in South Africa.

The completion of the transaction is subject to a number of conditions including signing of a Definitive Purchase Agreement and Regulatory Approval. No finder's fee is payable in connection with this transaction. The LOI with HOH was last extended to October 22, 2015.

On November 17, 2015 the Company announced the completion of an initial sale of whole raw hemp seed to Colorado Hemp Works LLC ("**CHWS**") for use in an oil pressing processing test. Colorado Hemp Works is the first, and only US-based commercial hemp seed processor. They wholesale a wide range of food-grade products all derived from this one versatile seed. Unlike their international counterparts, Colorado Hemp Works is able to offer natural food companies local and on-demand processing. Instead of products sitting in large warehouses for months before being shipped to customers, they offer the freshest products available through processing seed just days before their customers are ready to use these ingredients in their own products.

Convertible Debenture Financing

On May 4 and June 12, 2015, the Company announced the closing of the first and second tranche of $125,000 each of its non-brokered private placement convertible debenture for a total of $250,000. The debenture has an annual interest rate of 15%, with no interest being payable during the three year term, but will accrue until maturity or until conversion. Each $1,000 of the debenture will come with 28,571 warrants exercisable at a price of $0.05 for a period of three years. The debenture is convertible into shares of the Company at $0.035/share at any time during the three year term. The funds raised from this financing will be used for the working capital of the Company. The funding consists of $70,000 cash and $180,000 in exchange for forgiveness of indebtedness for monies previously paid on behalf of the Company. A finder's fee totaling $5,600 and 112,000 warrants exercisable at $0.05 per share for a period of one year from the date of the subscription was paid on this placement.

On December 17, 2015, the Company completed the first tranche of a non-brokered private placement by the issuance 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.

2016 Developments

On January 25, 2016 the Company announced that its application for an Industrial Hemp License in Canada for 2016 had been approved by Health Canada, Office of Controlled Substances, Industrial Hemp Section. Such license authorizes GHG to possess industrial hemp in the form of seed and grain, to export the seed and grain out of the country, as well as sell and/or provide viable grain domestically. As a result of this license, the Company is no longer required to use licensed intermediaries, as has been done to facilitate previous orders.

On January 26, 2016, the LOI between Global Hemp Group and WSM 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".

On February 26, 2016, the Company announces that Mr. Frank Giese had joined the Company's Advisory Board to assist in the development of the newly formed Genetics Division. Mr. Giese is an expert cannabis cultivator and breeder, Medical Marijuana (MMJ) contractor and MMJ systems analyst. For nearly 10 years, when medical cannabis legislation was passed permitting possession and cultivation in his home state of Washington, Mr. Giese combined his over 25 years of practical field experience working for government agencies as a research biologist extensively focusing on DNA, genetic identification and breeding of endangered species, with education and business expertise to begin breeding medical cannabis strains.

During financial year ended September 30, 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.

Subsequent Events

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, 2017.

On March 2, 2017 pursuant to a private placement, the Company issued a total of 2,519,350 units at a price of $0.03 per unit to raise aggregate gross proceeds of $75,580.50, for a total of 4,119,350 units at a price of $0.03 per unit for gross proceeds of $123,581. Each unit consists of one common share of the Company and one share purchase warrant. Each warrant in the second tranche entitles the holder to acquire one additional common share of the Company at a price of $0.05 per common share exercisable up until February 28, 2022.

On July 25, 2017, GHG announced that Health Canada has renewed its Industrial Hemp License for the current year, which for 2017 will include the ability to cultivate hemp. The Company then launched the first phase of a multi-phase industrial hemp project on the Acadian peninsula of New Brunswick, which is envisioned to culminate in the development of GHG's first Hemp Agro-Industrial Zone, or HAIZ.

On July 31, 2017, GHG announced that it has extended the term of, and repriced 4,668,105 common share purchase warrants (the "**Warrants**") issued pursuant to a private placement announced July 29, 2014. The Warrants, originally due to expire August 1, 2017 carried an exercise price of $0.15. Each Warrant will now entitle the holder thereof to purchase one common share of GHG at an exercise price of $0.05. The new expiry date of the Warrants will be July 31, 2019.

On September 5, 2017, the Company announced that it had established a joint venture with Marijuana Company of America, Inc. ("**MCOA**") to participate in the development of its New-Brunswick hemp project. MCOA, a California based cannabis and hemp research and development company, whose business includes the marketing and distribution of hemp based consumer wellness products, will assist GHG in developing commercial hemp production in New Brunswick.

On October 10, 2017, the Company announced that it had, jointly with MCOA entered into a letter of intent with Space Cowboys Inc. ("**Space Cowboys**"), a fully licensed and compliant hemp derived cannabinoid producer in Colorado for the purposes of forming a joint venture pursuant to which the Company and MCOA will invest $2,500,000 in exchange for a 25% equity interest in Space Cowboys, such investment will be used to expand Space Cowboys' cultivation operation.

Risk Factors

Reliance on Licensing

The ability of GHG to continue its business of growth, storage and distribution of industrial hemp is dependent on the good standing of all licenses, including the Industrial Hemp License received by GHG from Health Canada to grow industrial hemp and the licenses required to extract Cannabidiol ("**CBD**") from flowers and leaves of industrial hemp, and adherence to all regulatory requirements related to such activities. Any failure to comply with the terms of the licenses, or to renew the licenses after their expiry dates, would have a material adverse impact on the financial condition and operations of the business of the Company. Although the Company believes that it will meet the requirements of the *Access to Cannabis for Medical Purposes Regulations* ("**ACMPR**") for future granting, extensions or renewals of the licenses, there can be no assurance that Health Canada will grant, extend or renew the licenses, or if granted, extended or renewed, that they will be granted, extended or renewed on the same or similar terms. Should Health Canada not grant, extend or renew the licenses or should they grant, extend or renew the licenses on different terms, the business, financial condition and operating results of the Company would be materially adversely affected.

Change in Law, Regulations and Guidelines

GHG's business is subject to a variety of laws, regulations and guidelines relating to marketing, acquisition, manufacture, management, transportation, storage, sale and disposal of industrial hemp but also laws and regulations relating to health and safety, the conduct of operations and the protection of the environment. Changes to such laws, regulations and guidelines may cause adverse effects to the Company's operations.

On February 24, 2016, the Federal Court released its decision in the case of *Allard et al v. Canada*, declaring that the *Marihuana for Medical Purposes Regulations* ("**MMPR**"), as it was drafted, was unconstitutional in violation of the plaintiffs' rights under section 7 of the *Charter of Rights and Freedoms*. On August 24, 2016, the ACMPR came into force, replacing the MMPR as the regulations governing Canada's medical cannabis regime which permits patients to produce a limited amount of cannabis for their own medical purposes or to designate a person to produce a limited amount of cannabis. The ACMPR could potentially decrease the size of the market for the Company's business, and potentially materially and adversely affect the Company's business, its results of operations and financial condition.

On November 21, 2016 Health Canada launched a public consultation on the proposed approach to the regulation of Cannabis. The draft regulations considerably freed the commerce of hemp, including that of flowers and leaves, and opening the way to the full exploitation of this resource for CBD extraction. The consultation will be completed by late January and it is expected they will become operational with the promulgation of the *Cannabis Act, Bill C-45.*

Regulatory Risk

Achievement of the Company's business objectives are contingent, in part, upon compliance with the regulatory requirements, including those imposed by Health Canada, enacted by these government authorities and obtaining all regulatory approvals, where necessary, for the sale of its products. GHG 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 government 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 Company's business, results of operation and financial condition.

Limited Operating History and No Assurance of Profitability

Global Hemp Group Inc. has recently changed its activity as 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 is subject to all of the business risks and uncertainties associated with any early-stated enterprise, including under-capitalization, cash shortages, and limitation with respect to personnel, financial and other resources, and lack of revenues.

The Company has incurred operating losses in recent periods. The Company may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, the Company expects to continue to increase operating expenses as it implements initiatives to grow its business. If the Company's revenues do not increase to offset these expected increases in costs and operating expenses, the Company will not be profitable. There is no assurance that the Company will be successful in achieving a return on shareholders' investments and the likelihood of success must be considered in light of the early stage of operations.

Unfavourable Publicity or Consumer Perception

The success of the industrial hemp and marijuana industry may be significantly influenced by the public's perception of industrial hemp and medical marijuana medicinal applications. Medical marijuana is a controversial topic, and there is no guarantee that future scientific research, publicity, regulations, medical opinion and public opinion relating to medical marijuana will be favourable. The medical marijuana industry is an early-stage business that is constantly evolving with no guarantee of viability. The market for medical marijuana and industrial hemp is uncertain, and any adverse or negative publicity, scientific research, limiting regulations, medical opinion and public opinion relating to the consumption of medical marijuana may have a material adverse effect on our operational results, consumer base and financial results.

Competition

The market for the Company's anticipated most profitable product CBD does appear to be sizeable but holders of licenses under Health Canada's ACMPR do enjoy an advantage because of their considerable financial resources, and possibly because of their capacity to extract essential oils from Cannabis, a capacity that can be addressed to CBD extraction. Such extraction requires a license under the Controlled Substances Act. Only ACMPR license holders could have such licenses for hemp products, providing such products were grown indoors. However, only a limited number of licenses were issued under the ACMPR to produce medical marijuana. As a result, the Company expects significant competition from other companies due to the recent nature of the Industrial Hemp Regulations regime. A large number of companies appear to be applying for production licenses, some of which may have significantly greater financial, technical, marketing and other resources, may be able to devote greater resources to the development, promotion, sale and support of their products and services.

Should the size of the industrial hemp market increase as projected, the demand for products will increase as well, and in order for the Company to be competitive it will need to invest significantly in research and development, marketing, production expansion, new client identification, and client support. If the Company is not successful in achieving sufficient resources to invest in these areas, the Company's ability to compete in the market may be adversely affected, which could materially and adversely affect the Company's business, its financial conditions and operations.

Realization of Growth Targets

GHG's ability to begin commercial production of industrial hemp and CBD, at the same pace as of the date of this AIF or at all, is affected by a number of factors, including plant design errors, non-performance by third party contractors, increases in materials or labour costs, construction performance falling below expected levels of output or efficiency, environmental pollution, contractor or operator errors, breakdowns, aging or failure of equipment or processes, labour disputes, as well as factors specifically related to indoor agricultural practices, such as reliance on provision of energy and utilities to the facility, and potential impacts of major incidents or catastrophic events on the facility, such as fires, explosions, earthquakes or storms.

Uninsured or Uninsurable Risk

The Company may be subject to liability for risks against which it cannot insure or against which the Company may elect not to insure due to the high cost of insurance premiums or other factors. The payment of any such liabilities would reduce the funds available for the Company’s usual business activities. Payment of liabilities for which the Company does not carry insurance may have a material adverse effect on the Company’s financial position and operations.

Key Personnel

The Company’s success will depend on its directors’ and officers’ ability to develop and execute on the Company’s business strategies and manage its ongoing operations, and on the Company’s ability to attract and retain key quality assurance, scientific, sales, public relations and marketing staff or consultants now that production and selling operations have begun. The loss of any key personnel or the inability to find and retain new key persons could have a material adverse effect on the Company’s business. Competition for qualified technical, sales and marketing staff, as well as officers and directors can be intense and no assurance can be provided that the Company will be able to attract or retain key personnel in the future, which may adversely impact the Company’s operations.

Conflict of Interest

Certain of the Company’s directors and officers are also directors and officers in other companies. Situations may arise in connection with potential acquisitions or opportunities where the other interests of these directors and officers conflict with or diverge from the Company interests. In accordance with the BCBCA, directors who have a material interest in any person who is a party to a material contract or a proposed material contract are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract.

Litigation

The Company may become party to litigation, mediation and/or arbitration from time to time in the ordinary course of business which could adversely affect its business. Monitoring and defending against legal actions, whether or not meritorious, can be time-consuming, divert management’s attention and resources and cause the Company to incur significant expenses. In addition, legal fees and costs incurred in connection with such activities may be significant and we could, in the future, be subject to judgments or enter into settlements of claims for significant monetary damages. While the Company has insurance that may cover the costs and awards of certain types of litigation, the amount of insurance may not be sufficient to cover any costs or awards. Substantial litigation costs or an adverse result in any litigation may adversely impact the Company’s business, operating results or financial condition.

Agricultural Operations

Since the Company’s business will revolve mainly around the growth of industrial hemp, an agricultural product, the risks inherent with agricultural businesses will apply. Such risks may include disease and insect pests, among others. There is not guarantee that changes in outside weather and climate will not adversely affect production. Further, any rise in energy costs may have a material adverse effect on the Company’s ability to produce industrial hemp mainly through the cost of fertilizers.

Transportation Disruptions

The Company will depend on fast, cost-effective and efficient transportation services to distribute its product. Any prolonged disruption of this transportation service could have an adverse effect on the financial condition and results of operations of the Company. Rising costs associated with the courier service used by the Company to ship its products may also adversely impact the business of the Company and its ability to operate profitably.

Fluctuating Prices of Raw Materials

The Company revenues, if any, are expected to be in large part derived from the production, sale and distribution of industrial hemp. Even though the Company shall be largely insulated from the price variation of raw material to produce, sale and distribute industrial hemp and CBD, due to its Hemp Agro-Industrial Zone ("**HAIZ**") concept whereby farmers are producing under contract with GHG for the industrial plant, the price of raw material may increase in the event of the establishment of other processing plans in the same industrial hemp basin, competing for the same raw material. The effect of these factors on the price of product produced by the Company and, therefore, the economic viability of any of the Company's business, cannot accurately be predicted.

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 nonhazardous 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 obtain an Environmental Compliance Approval or otherwise 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.

Political and Economic Instability

The Company may be affected by possible political or economic instability. The risks include, but are not limited to, terrorism, military repression, extreme fluctuations in currency exchange rates and high rates of inflation. Changes in medicine and agriculture development or investment policies or shifts in political attitude in certain countries may adversely affect the Company's business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, distribution, price controls, export controls, income taxes, expropriation of property, maintenance of assets, environmental legislation, land use, land claims of local people and water use. The effect of these factors cannot be accurately predicted.

Facility Expansion

The development of construction of the Company's facility in New-Brunswick is subject to various potential problems and uncertainties, and may be delayed or adversely affected by a number of factors beyond our control, including the failure to obtain regulatory approvals, permits, delays in the delivery or installation of equipment by our suppliers, difficulties in integrating new equipment with our existing facilities, shortages in materials or labor, defects in design or construction, diversion of management resources, or insufficient funding or other resource constraints. Moreover, actual costs for construction may exceed our budgets. As a result of construction delays, cost overruns, changes in market circumstances or other factors, we may not be able to achieve the intended economic benefits from the construction of the new facility, which in turn may materially and adversely affect our business, prospects, financial condition and results of operations.

Market Risk for Securities

The market price for the common shares of the Company could be subject to wide fluctuations. Factors such as commodity prices, government regulation, interest rates, share price movements of peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the Company. The stock market has from time to time experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance of particular companies.

Global Economy Risk

An economic downturn of global capital markets has been shown to make the raising of capital by equity or debt financing more difficult. The Company will be dependent upon the capital markets to raise additional financing in the future, while it establishes a user base for its products. As such, the Company is subject to liquidity risks in meeting its development and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the Company's ability to raise equity or obtain loans and other credit facilities in the future and on terms favorable to the Company and its management. If uncertain market conditions persist, the Company's ability to raise capital could be jeopardized, which could have an adverse impact on the Company's operations and the trading price of the Company's shares on the Exchange.

Dividend Risk

The Company has not paid dividends in the past and does not anticipate paying dividends in the near future. The Company expects to retain its earnings to finance further growth and, when appropriate, retire debt.

Volatile Market Price for Company Common Shares

The market price for Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control, including the following:

- actual or anticipated fluctuations in the Company's quarterly results of operations;
- recommendations by securities research analysts;
- changes in the economic performance or market valuations of companies in the industry in which the Company operates;
- addition or departure of the Company's executive officers and other key personnel;
- release or expiration of transfer restrictions on outstanding Company Common Shares;
- sales or perceived sales of additional Company Common Shares;
- operating and financial performance that vary from the expectations of management, securities analysts and investors;
- regulatory changes affecting the Company's industry generally and its business and operations;
- announcements of developments and other material events by the Company or its competitors;
- fluctuations to the costs of vital production materials and services;
- changes in global financial markets and global economies and general market conditions, such as interest rates and pharmaceutical product price volatility;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital

commitments by or involving the Company or its competitors;

- operating and share price performance of other companies that investors deem comparable to the Company or from a lack of market comparable companies; and
- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Company's industry or target markets.

Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Such volatility has been particularly evident with regards to the share prices of industrial hemp and medical cannabis companies that are public issuers in Canada. Accordingly, the market price of Company Common Shares may decline even if the Company's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are lasting and not temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in share price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted and the trading price of Common Shares may be materially adversely affected.

DESCRIPTION OF BUSINESS

- General

The Company is 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 complimentary companies that will enable GHG to capture revenues, cash flow, and value from its acquisitions and establish a far greater collective valuation than GHG or the individual companies would have on their own.

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.

At the request of *Opportunities New Brunswick*, GHG submitted a project proposal in May 2016 for the implementation of a HAIZ in New Brunswick's Northeast region (the "**NB Project**"). In response to comments and suggestions, GHG decided to undertake limited agronomic trials to bolster its new proposal to be submitted early 2018. The following description relates to this proposal.

- **Production and Services**

Several processes are involved in the NB Project to transform the farming output (straw, grain and flowers and leaves) into industrial and consumer products.

First agricultural production: GHG is not directly involved in farming industrial hemp but will provide the industrial hemp license, the approved seeds, and technical assistance to HAIZ participating farmers. Expected yields vary around 6-8 tons/ha for straw, 0.8 to 1T/ha for grain, and flowers 1-1.5 ton/ha (all figures provided were measured as Dry Matter).

Primary industrial processes: relates to dealing with the raw materials (straw, seed, and flowers). Several technologies will be used by the participating farmers depending on the raw material itself. The components of the straw (fibre and hurd - a sort of chip) are extracted decortication. Two techniques are generally used, hammer mill or roller mill. The latter technique will be used in the NB Project. The process will yield about 50-60% hurd in weight, 20-25% fibre, and waste and dusts that can be recovered for further processing. Hemp hurd and fibre can be sold wholesale on the market in rough form, or can be further processed. Seed is pressed through a screw mill and will yield hemp oil (not to be confused with Cannabis or CBD oil). A ton of seed is expected to yield 250-300 liters of oil, 700 kg of oil cake. There is a market for both products in the raw form, or can be further processed into a variety of consumer products. The NB Project will focus initially in the primary processing into oil and cake.

There are several methods for extracting CBD from flowers and leaves. Such methods vary in acceptability for the food industry, in the level of danger in processing, and in cost. The method considered in the NB Project is the *SuperCritical CO2* ("**SCO2**") extractor. It is widely used in the food industry, presents no physical danger, but is more costly. Typically, such an extractor will extract 85 to 90% of the CBD from the input dried flowers and leaves and produce a solution containing 60% CBD. Through "*winterization*" waxes and triglycerides are removed and the resulting CBD oil is over 90% pure.

Secondary processes: Through these processes, raw products from primary processing are transformed into consumer products. Only one such process is considered in the initial stage of the NB Project. The hurd will be processed into hemp bricks for construction. Such bricks will be produced under a licensing agreement with JustBioFiber (http://justbiofiber.ca/). This process consists of shaping a mixture of hurd and lime (hempcrete) into "*lego*"-like blocks which include a structural element in which resides much of the intellectual property of the Company. This is a novel product, produced only in the Province of Alberta and emerging in the Western construction markets.

- **Specialized Skill and Knowledge** -

Special knowledge is required from farming to manufacturing of consumer ready products. Though hemp was farmed in New Brunswick 20 years ago, and for a short period of time only, there is no local expertise regarding hemp cultivation: control of pests and diseases, adjustments to farming equipment, choice of land and fertilization doses and application. GHG has access through its advisory Board and its personal network, to all the expertise required to implement the NB Project. Moreover, GHG plans to train a number of agricultural scientists to build the local expertise. Agreements are under negotiation with research institutions in the Province of Alberta for that specific purpose.

The decortication and seed pressing processes do not require special skills other than high school diploma. GHG is assured that the supplier of the decortication equipment will provide the original training. The skill level for the larger SCO2 extraction systems, which will be implemented as of the second year of the NB Project will require a higher skill level. Two workers will be required for each shift, one of which should be a technician. One engineer will also be required to supervise all teams working on the NB Project and provide backup on possible technical issues. All staff will be trained by the manufacturer, who shall also provide technical backstopping on the extraction process.

- **Competitive Conditions**

The installed capacity for straw processing in Canada currently stands at no more than 15 tons per hour spread between the Provinces of Alberta, Manitoba and Quebec. If all these plants operated 24 hours a day, seven days a week, which they are currently not, they could only process 130,000 tons of straw. Straw production in the 3 “Prairie Provinces” alone stand at nearly 200,000 Tons and increasing. This means that a large part of the straw output is not processed, largely because the market for products from straw is not well developed, and certainly not linked. The NB Project will link its manufacturing capacity to the output from participating farms and to the market for its products. GHG has specifically chosen a modest decortication facility precisely to ensure that it is in line with the farming output and actual market needs. This capacity will be increased as the product market blossoms and farming output increases.

To our knowledge, no other decortication plant is planned for the Province of New Brunswick. This could mean that our plant will be asked to process additional quantities of straw. This can only be beneficial for the economics of our NB Project. Another CBD extraction plant is being planned in the South of the province of New Brunswick (Canutra) though this has not been confirmed. Also, it is expected that the Organigram Marijuana producer from Moncton is expected to begin CBD extraction. In both cases, the interest is on the flowers and leaves only. This will increase the output of seed and straw that will need to find a processor. This may be an opportunity for GHG.

GHG will market its CBD oil through its partner company MCOA on the US market. A commitment from MCOA is under negotiation. Raw fibre will be sold on the Quebec market to Ecofibre as part of the agreement to purchase their decorticator. There is only one other decortication plant in Eastern Canada and it is located just North of Montreal, Quebec. Its fibre is committed to Logistek, a garment manufacturer near Montreal. One of the principal users of hurd in Eastern and Central Canada is a company named ArtCan who imports most of his material from Europe. GHG’s production will be principally oriented to the production of hempcrete blocks, but excess output from GHG’s plant could be marketed in Quebec.

- **New Products**

The only really new product GHG will introduce will be the reinforced hempcrete block built under agreement with JustBioFiber. The product is not entirely new as it is currently used in Western

Canada https://globalnews.ca/news/3784330/sooke-home-lego-green-fireproof/. They have also built other buildings using this material in the Province of British Columbia.

We have contacted Canada Mortgage and Housing Corporation to introduce this building design in the Province of New Brunswick to build affordable housing, and to benefit from their *Affordable Rental Innovation Fund*. Our technology would qualify for their support. Our business plan anticipates one 10-unit affordable housing building per year starting in year 2 of the NB Project. This will be the path to introducing the technology in the area and expanding to residential and commercial sectors. It should be said that the technology will reduce the cost of construction as well as the cost of operation of buildings using this technology.

- **<u>Components</u>**

Raw Materials:

Hemp straw, flowers and grain will be purchased from surrounding participating farms that will be under contract with GHG. Additional raw materials could be purchased from other farms provided that they meet GHG's prices range, and that GHG has the capacity to process this additional input. The pricing of raw materials from farmers is set at levels that make hemp cultivation at least twice more profitable than the traditional crops of the region. Lime will be sourced in the province of New Brunswick from Graymont, in Havelock New Brunswick.

Finished and semi-finished products:

Hurd products: The raw fibre will be sold to Ecofibre, (supplier of the decorticator) at $900 per ton. Ecofibre processes this fibre into insulation panels at its plant in Asbestos, Québec. The hurd used in the manufacture of hempcrete blocks will be priced at $450 per ton. While the market for hempcrete blocks develops and cannot absorb the full output of the decortication plant, surplus amounts will be sold to entrepreneurs in the hemp building industry in Quebec and Ontario. They are currently importing from Europe at $600 per ton. The current wholesale market for hurd from the USA is at least at $500 per ton.

Hempcrete blocks will be sold at $25 each which covers the cost of hemp, lime and the structural elements of each block provided by JustBioFiber. These latter elements comprise the essential Intellectual Property included in this technology. At these prices and considering future evolution of the component prices, these blocks will remain competitive in the construction industry.

Grain products: Products from the pressing of grain into oil and cake will be very limited in the initial years of the NB Project, but will grow in value as additional processing into finished products such as hemp protein powder and flour. We will initially process the grain and sell the oil and cake on local market.

Flower products. 75% of the revenue stream for GHG will come from the sale of CBD oil in raw form to MCOA, GHG's partner in the NB Project. Aside from the flowers and leaves purchased from participating farmers, few other inputs are required: CO_2, energy and labour. Sales projections are based on a CBD concentration of 1%, an extraction rate of 90% and a wholesale market price of US$6,000 per kilogram. Prevailing wholesale prices in the USA are between $8,000 and $10,000 per kilogram. GHG's business model has also included a 20% annual decline in price to account for the anticipated production as legal framework of industrial hemp production is redefined.

- **Intangible Properties**

Most of the products described hereinabove will be sold as raw products and will not carry any intellectual property or brand names. The only protected product will be the hempcrete block and discussions are progressing well for these of the technology and the brandname.

- **Cycles**

The farming portion of the NB Project is naturally seasonal. This will require adequate storage facilities to store the straw, grain and flowers. In the latter case, initial processing (drying and curing the flowers) will be required to store the flowers in such a condition to maintain its essential CBD content. One of the overall purposes of this NB Project is to reduce poverty and unemployment in a region much too dependent on cyclical industries. The industrial complex to process the crop will create non seasonal jobs.

- **Economic Dependence**

Only two contracts will be of significance for GHG's operations and financial viability. The first one will be with participating farmers in the NB Project, in which GHG is committed to buy at a certain agreed price. At the agreed price, the only potential danger would be excessive production, and this is not a serious danger as the planned industrial capacity is able to cope with the additional production, and the market, particularly for CBD, is able to absorb the modest increases in output. The other danger would be crop failure. In this case GHG is committed to a floor price, at least in the first year of operation to build confidence around this new crop.

The second contract of importance for GHG will be the one entered with JustBioFibre, which is certainly constraining as it sets price of critical inputs. However, such contract does not provide any quantity commitments. Moreover, the significance of block sales is minimized in the total overall scheme because of the overwhelming weight of CBD sales in total revenues. Over time, beyond year 3 (2020) of the NB Project, the contribution of block making to overall revenues of GHG will increase but will still be dwarfed by the importance of CBD sales.

- **Environmental Protection**

Hemp products are increasingly seen as mitigation elements in climate change and environmental degradation. The crop is less demanding than the other crops in term of pesticides, and has beneficial effects on soil structure. The raw fibre is increasingly used in the automobile industry for the manufacture of interior panel, because of its lower weight and its lower carbon footprint. Similarly, the hempcrete blocks used in construction is becoming an important carbon sink. Overall hemp production will contribute very positively to environmental protection. In fact when Carbon markets are set up in the Province of New Brunswick, carbon credits could be accumulated and traded by the Company.

- **Employees**

At of the date of this AIF GHG has no employees. Planned employment by GHG with respect to the NB Project is as follows:

i) In year 1 of the NB Project, GHG shall have a total of 3 management employees, 1 Research & Development employee and 14 manufacturing employees, for a total of 18 employees for the first year of the NB Project;

ii) In year 2 of the NB Project, GHG shall have a total of 5 management employees, 2 Research & Development employees, 2 sales and marketing employees and 14 manufacturing employees, for a total of 23 employees for the second year of the NB Project;

iii) In year 3 of the NB Project, GHG shall have a total of 8 management employees, 7 Research & Development employees, 4 sales and marketing employees and 39 manufacturing employees, for a total of 58 employees for the second year of the NB Project;

iv) In year 4 of the NB Project, GHG shall have a total of 10 management employees, 9 Research & Development employees, 6 sales and marketing employees and 52 manufacturing employees, for a total of 77 employees for the second year of the NB Project; and

v) In year 4 of the NB Project, GHG shall have a total of 12 management employees, 12 Research & Development employees, 6 sales and marketing employees and 65 manufacturing employees, for a total of 95 employees for the second year of the NB Project.

DIVIDENDS AND DISTRIBUTIONS

GHG has not declared nor paid any cash dividends on any of its issued shares since its inception. Other than requirements imposed under applicable corporate law, there are no other restrictions on the Company's ability to pay dividends under the Company's constating documents. The Company has not paid any dividends on the Common Shares since its incorporation. The Company has no present intention of paying dividends on the Common Shares, as it anticipates that all available funds will be invested to finance the growth of its business and, when appropriate, retire debt.

DESCRIPTION OF CAPITAL STRUCTURE

The Company's authorized share capital consists of Class A common shares without par value (each a "**Common Share**"), and an unlimited number of Class B preferred shares (each a "**Class B Share**") without par value.

As at September 30, 2016, the issued and outstanding share capital consisted of 142,603,146 Common Shares. No preferred Class B Shares were issued or outstanding. As of the date of this AIF, there were 162,883,814 Common Shares issued and outstanding in the share capital of the Company and no Class B Shares issued or outstanding.

Class A Common Shares

The special rights and restrictions attached to the Common Shares are as follows:

(a) The holders of the Common Shares shall be entitled to receive notice of, to attend and to vote at any general meetings of the shareholders of the Company.

(b) Subject to payment of dividends declared but unpaid on the Class B Shares, dividends may be declared and paid, in the discretion of the directors, at any time upon the Common Shares to the exclusion of all or any other class or classes of shares, or may be declared and paid upon all or any other class or classes of shares, to the exclusion of the Common Shares.

(c) In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of the redemption, purchase or acquisition of any shares, the reduction of capital or any other return of capital, the holders of the Common Shares shall be entitled to receive, before any distribution of any part of the assets of the Company to the holders of any other shares except the Class B Shares, an amount equal to the paid-up capital thereon and any dividends declared thereon and unpaid, and if any of the assets of the Company thereafter remain available for distribution, the holders of the Common Shares shall be entitled to such assets.

Class B Preferred Shares

The Class B Shares may be issued from time to time in one or more series and shall, as a class, have attached thereto the following special rights and restrictions:

(a) The directors, by resolution duly passed before the issuance of Class B Shares of the series to which the resolution relates, may, subject to the *Business Corporations Act (British Columbia)*, do any one or more of the following:

(i) determine the maximum number of shares of any of those series of Class B Shares that the Company is authorized to issue, determine that there is no maximum number or alter any such determination previously made, and may authorize the alteration of the Notice of Articles accordingly;

(ii) alter these Articles, and authorize the alteration of the Notice of Articles, to create an identifying name by which the shares of any of those series of Class B Shares may be identified or to alter any identifying name previously created; and

(iii) alter these Articles and authorize the alteration of the Notice of Articles to attach special rights or restrictions to the shares of any of those series of Class B Shares or to alter any such special rights or restrictions including, without limitation: (A) the rate, amount or method of calculation of dividends and whether the same are subject to adjustments; (B) whether such dividends are cumulative, partly cumulative or non-cumulative; (C) the dates, manner and currency of payments of dividends and the date from which they accrue or become payable; (D) if redeemable or purchasable (whether at the option of the Company or holder or otherwise), the redemption or purchase prices and currencies thereof and terms and conditions of redemption or purchase, with or without provision for sinking or similar funds; (E) the voting rights, if any; (F) any conversion, exchange or reclassification rights; and (G) any other terms not inconsistent with these provisions.

(b) The holders of Class B Shares as a class shall, in preference to the holders of the Class A Shares, be entitled to receive dividends. The holders of the Class B Shares of any series shall also be entitled to such other preference, not inconsistent with these provisions, over the holders of the Class A Shares and the shares of any other class ranking junior to the Class B Shares.

(c) Unless specifically subordinated in priority by the special rights and restrictions attached to any particular series of Class B Shares, the holders of the Class B Shares as a class shall be entitled, on the distribution of the assets of the Company on the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or on any other distribution of the assets of the Company among its shareholders for the purpose of winding-up its affairs, to receive in priority before any distribution shall be made to holders of the Common Shares or any other shares of the Company ranking junior to the Class B Shares with respect to repayment of capital, the amount paid up with respect to each Class B Share held by each of them respectively, together with the premium (if any) payable respectively on redemption of each such series of Class B Shares and all accrued and unpaid dividends (if any) which for such purpose shall be calculated as if such dividends were accruing on a day-to-day basis up to the date of such distribution. After payment to the holders of Class B Shares of the amounts so payable to them, such holders shall not be entitled to share in any further distribution of the property or assets of the Company except as specifically provided in the special rights and restrictions attached to any particular series.

(d) No Class B Shares or shares of a class ranking prior to or on a parity with the Class B Shares with respect to the payment of dividends or the distribution of assets in the event of liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding-up its affairs, may be issued if the Company is in arrears in the payment of dividends on any outstanding series of Class B Shares without the approval of the holders of the Class B Shares given by a resolution passed by a majority of the holders of the Class B Shares.

(e) Except as hereinafter referred to or as required by law or in accordance with any voting rights which may from time to time be attached to any series of Class B Shares, the holders of Class B Shares as a class shall not be entitled as such to receive notice of, to attend or to vote at any meeting of the shareholders of the Company; provided that the holders of Class B Shares as a class shall be entitled to notice of meetings of shareholders called for the purpose of authorizing the dissolution of the Company or the sale of its undertaking or a substantial part thereof, or as required by the *Business Corporations Act (British Columbia).*

(f) The rights, privileges, restrictions and conditions attaching to the Class B Shares as a class may be added to, removed or changed but only with the approval of the holders of the Class B Shares given in accordance with the requirements of the *Business Corporations Act (British Columbia).*

(g) Where Class B Shares are issued in more than one series with identical preferred, deferred or other special rights, privileges, restrictions, conditions and designations attached thereto, all such series of Class B Shares shall rank *pari passu* and participate equally and proportionately without discrimination or preference as if all such series of Class B Shares had been issued simultaneously and all such series of Class B Shares may be designated as one series.

The dilutive securities are summarized as follows:

Security Type	**Common Shares Issuable (#)**	**Exercise price (average) ($)**	**Cash proceeds or debt reduction if exercised ($)**
Warrants	12,350,855	$0.09	$1,111,576.95
Stock Options	6,400,000	$0.10	$640,000
Convertible Debentures	4,571,428	$0.035	$160,000
Interest on Convertible Debentures	737,971	$0.035	$25,829

MARKET FOR SECURITIES

Trading Price and Volume

The common shares of the Company are listed for trading on the CSE under the symbol "GHG". The table below summarizes the range and volume of trading prices for each of the months stated:

Month	Price Range ($)		Total Volume (#)
	High	Low	
October 2015	0.02	0.01	9,241,617
November 2015	0.03	0.02	6,776,718
December 2015	0.015	0.005	4,941,395
January 2016	0.015	0.01	744,292
February 2016	0.025	0.01	3,368,757
March 2016	0.02	0.01	393,045
April 2016	0.02	0.01	1,324,210
May 2016	0.015	0.01	3,535,890
June 2016	0.01	0.005	19,800
July 2016	0.015	0.001	5,621,185
August 2016	0.015	0.005	1,976,741
September 2016	0.03	0.01	2,748,869

Prior Sales

During the financial year ended September 30, 2016, the Company issued the following securities convertible into common shares:

Date of Issuance	Security	Number of Securities	Issue/Exercise Price Per Security
December 17, 2015	Debenture(1)	27	$1,000

Notes:

(1) Convertible debenture of $1,000 principal amount, with a maturity date of three years from the date of issuance and accrued interest of 15$ per annum, payable on the maturity date. The principal amount and any and all unpaid and accrued interest may be converted into common shares of the Company at a price of $0.015 per common share. Each $1,000 of the debenture is accompanied with 20,000 warrants exercisable at a price of $0.05 for a period of three years;

(2) On April 22, 2016, 27 units of the debentures including accrued interest were converted into 1,902,822 common shares of the Company. As at September 30, 2016

Subsequent to the financial year ended September 30, 2016, the Company issued the following securities convertible into common shares:

Date of Issuance	Security	Number of Securities	Issue/Exercise Price Per Security
December 19, 2016	Units[1]	1,600,000	$0.03
March 2, 2017	Units[1]	2,519,350	$0.03

Notes:

(1) Units comprised of one common share of the Company and one common share purchase warrant exercisable at a price of $0.05 per common share purchase warrant for a period of three years from the date of issuance.

ESCROWED SECURITIES

The following table includes the balance of escrowed securities as at September 30, 2016:

Designation of Class	Number of Securities held in Escrow (1)	Percentage of Class (2)
Common Shares	Nil	-
Options	Nil	-
Warrants	Nil	-

As of the date of the AIF, there were no common shares or other convertible securities held in escrow.

DIRECTORS AND OFFICERS

Name, Occupation and Security Holding

The following table sets forth information regarding the directors and executive officers of the Company as of the date of this AIF. The term of office for the Directors expires at the Company's next Annual General Meeting.

Name, Position with the Company, Residence	Present Principal Occupation	Director Since	Shares Beneficially Owned or Controlled (1)
Charles Larsen *Director, President & CEO* Los Angeles, CA	Mr. Larsen has more than 30 years experience working with public, private and start-up companies in many different facets of business. He is a co-founder, director and strategic consultant to Marijuana Company of America, Inc. (OTC: MCOA).	December 12, 2013	7,246,655 4.85%
Curt Huber (2) *Director & C F O* Vancouver, BC	Mr. Huber is an independent corporate and financial consultant. He is the President & CEO of Chimata Gold Corp (TSX.V – CAT) and Business Development for AB Minerals Corp. (a private comporation).	November 17, 2014	500,000 0.34%
Dr. Paul T. Perrault (2) *Director* Montreal, QC	Director of Global Hemp Group. Dr. Perrault is trained in cooperative development (M.A.) and in Economics of Rural Development (Ph. D.) focusing on farming systems in Africa.	December 29, 2014	186,000 0.12%

Jeffrey Kilpatrick (2) *Director* Ocala, FL	Mr. Kilpatrick is a Program Supervisor for the Alachua County Department of Court Services in Gainesville, Florida, a Senior Board Member for the Association of Pretrial Professionals of Florida, and President Elect for the National Association of Pretrial Services Agencies (NAPSA).	January 19, 2015	Nil

Notes:

(1) Information as to ownership of shares has been taken from the list of registered shareholders maintained by the Company's transfer agent or has been provided by the individual or from SEDI.

(2) Member of the Audit Committee

As of the date of the AIF, our directors and executive officers, as a group, beneficially owned, directly or, indirectly, or exercised control or direction over 7,932,655 Common Shares, representing approximately 5% of the issued and outstanding Common Shares.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

No director or executive officer of the Company is, as at the date of this AIF, or has been within 10 years before the date of this AIF, a director, chief executive officer or chief financial officer of any company (including the Company), that:

(a) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or

(b) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

No director or executive officer of the Company, nor a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

(a) is, as at the date of this AIF, or has been within 10 years before the date of this AIF, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(b) has, within 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

No director or executive officer of the Company has been subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

Conflicts of Interest

The Company's directors and officers may serve as directors or officers, or may be associated with, other reporting companies, or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the transaction. If a conflict of interest arises, the Company will follow the provisions of the *Business Corporations Act* (British Columbia) ("**BCBCA**") dealing with conflict of interest. These provisions state that where a director has such a conflict, that director must, at a meeting of the Company's directors, disclose his or her interest and refrain from voting on the matter unless otherwise permitted by the BCBCA. In accordance with the laws of the Province of British Columbia, the directors and officers of the Company are required to act honestly, in good faith, and the best interest of the Company.

PROMOTERS

A "Promoter" is defined in the *Securities Act* (British Columbia) as a "person who (a) alone or in concert with other persons directly or indirectly takes the initiative of founding, organizing or substantially reorganizing the business of the issuer; or (b) in connection with the founding, organization or substantial reorganization of the business of the Company, directly or indirectly receives, in consideration of services or property or both, 10% or more of a class of the Company's own securities or 10% or more of the proceeds from the sale of a class of the Company's own securities of a particular issue.

As of September 30, 2016 and as of the date of this AIF, no person can be considered as a promoter of the Company.

AUDIT COMMITTEE

Audit Committee Charter

The Company's audit committee has various responsibilities as set forth in National Instrument 52-110 *Audit Committees* ("**NI 52-110**") made under securities legislation, concerning constitution of its audit committee and its relationship with its independent auditor and among such responsibilities being a requirement that the audit committee establish a written charter that sets out its responsibilities.

The Company's audit committee is governed by an audit committee charter which is attached as Schedule "A".

Composition of the Audit Committee

As at the date of this AIF, the Company's audit committee is comprised of three directors, Curt Huber, Paul Perrault and Jeffrey Kilpatrick. Paul Perrault and Jeffrey Kilpatrick are considered "independent" as that term is defined in applicable securities legislation. As CFO, Curt Huber is not independent.

All three audit committee members have the ability to read and understand financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements and are therefore considered "financially literate".

All of the audit Committee members are businessmen with experience in financial matters; each has an understanding of accounting principles used to prepare financial statements and varied experience as to the general application of such accounting principles, as well as the internal controls and procedures necessary for financial reporting, garnered from working in their individual fields of endeavor.

Since the commencement of the Company's most recently completed financial year ended September 30, 2016, the board of directors has not failed to adopt a recommendation of the audit committee to nominate or compensate an external auditor.

Reliance on Certain Exemptions

The Company is not relying on:

1. the exemption in section 2.4 (*De Minimis Non-audit Services*) of NI 52-110 (which exempts all non- audit services provided by the Company's auditor from the requirement to be pre-approved by the Audit Committee if such services are less than 5% of the auditor's annual fees charged to the Company, are not recognized as non- audit services at the time of the engagement of the auditor to perform them and are subsequently approved by the Audit Committee prior to the completion of that year's audit); or

2. an exemption from the requirements of NI 52-110, in whole or in part, granted by a securities regulator under Part 8 (Exemptions) of NI 52-110.

Pre-Approval Policies and Procedures

The audit committee has adopted specific policies and procedures for the engagement of non-audit services as described in the Audit Committee Charter attached as Exhibit "A" to this AIF.

External Audit Service Fees (By Category)

In the following table, "audit fees" are fees billed by the Company's external auditor for services provided in auditing the Company's annual financial statements for the subject year. "Audit-related fees" are fees not included in audit fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements. "Tax fees" are fees billed by the auditor for professional services rendered for tax compliance, tax advice and tax planning. "All other fees" are fees billed by the auditor for products and services not included in the foregoing categories.

The fees paid by the Company to its external auditor for services rendered to the Company in each of the last two fiscal years, by category, are as follows:

Financial Year Ending	Audit / Audit Related Fees	Tax Fees	All Other Fees
September 30, 2016	$10,000	$Nil	$Nil
September 30, 2015	$8,500	$2,000	$Nil

The Company is relying on the exemption contained in section 6.1 of NI 52-110 from the requirements of Part 3 Composition of the Audit Committee (as described in 'Composition of the Audit Committee' above) and Part 5 Reporting Obligations of NI 52-110 (which requires certain prescribed disclosure about the Audit Committee in the Company's AIF).

Corporate Governance

Corporate governance relates to the activities of the board of directors of the Company (the "Board"), the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day to day management of the Company. The Board and senior management consider good corporate governance to be central to the effective and efficient operation of the Company.

National Policy 58-201 Corporate Governance Guidelines ("**NP 58-201**") establishes corporate governance guidelines which apply to all public companies. The Company has reviewed its own corporate governance practices in light of these guidelines. National Instrument 58-101 Disclosure of Corporate Governance Practices ("NI 58-101") also requires the Company to disclose annually in its Information Circular certain information concerning its corporate governance practices.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings and Regulatory Actions

During the financial year ended September 30, 2016, other than as described below, there are no legal proceedings to which the Company is a party to or to which any of its property is subject outside of the ordinary course of the Company's business, and no such proceedings are known to the Company to be contemplated.

INTERESTS OF MANAGEMENT & OTHERS IN MATERIAL TRANSACTIONS

Interests of Management & Others in Material Transactions

To the best of the Company's knowledge, no director, executive officer or shareholder who beneficially owns, directly or indirectly, or exercises control or direction over more than ten percent (10%) of the outstanding securities of the Company, or known associate or affiliate of any such person, has or had any material interest, direct or indirect, in any transaction within the last three years or in any proposed transaction, that has materially affected or is reasonably expected to materially affect the Company.

TRANSFER AGENT AND REGISTRAR

The auditors of the Company are Dale Matheson Carr-Hilton and Labonte, CA. Dale Matheson Carr-Hilton and Labonte, CA is independent within the meaning given to this term in the *Harmonized rules of professional conduct of chartered professional accountants of Canada*.

Odissey Trust, at its principal office in Vancouver, is acting as the transfer agent and registrar for the Company.

MATERIAL CONTRACTS

During the financial year ended on September 30, 2016, the Company did not enter into any material contracts that would be required to be disclosed pursuant to *NI 51-102 respecting Continuous Disclosure Obligations*.

As of the date of this AIF, the Company has entered into the following material contracts:

i) On September 5, 2017, the Company announced that he has established a joint venture with Marijuana Company of America, Inc. ("**MCOA**") to participate in the development of its New-Brunswick hemp project. MCOA, a California based cannabis and hemp research and development company, whose business includes the marketing and distribution of hempbased consumer wellness products, will assist GHG in developing commercial hemp production in New Brunswick;

i) On October 10, 2017, the Company announced that it had, jointly with MCOA entered into a letter of intent with Space Cowboys Inc. ("**Space Cowboys**"), a fully licensed and compliant hemp derived cannabinoid producer in Colorado for the purposes of forming a joint venture pursuant to which the Company and MCOA will invest $2,500,000 in exchange for a 25% equity interest in Space Cowboys, such investment will be used to expand Space Cowboys' cultivation operation.

INTEREST OF EXPERTS

Name of Experts

The following are the persons or companies who were named as having prepared or certified a statement, report or valuation in this AIF either directly or in a document incorporated by reference and whose profession or business gives authority to the statement, report or valuation made by the person or company:

Dale Matheson Carr-Hilton and Labonte, CA, the Company's independent auditors, has prepared an independent audit report dated January 30, 2017 in respect of the Company's audited consolidated financial statements for the years ended September 30, 2016.

Interest of Experts

Dale Matheson Carr-Hilton and Labonte, CA is independent from the Company within the meaning given to this term in the *Code of ethics of chartered professional accountants*.

None of the named experts or legal counsel was employed on a contingent basis, owns an amount of shares in the Company, or its subsidiary which is material to that person, or has a material, direct or indirect economic interest in the Company or its subsidiary.

No direct or indirect interests in the property of the Company or of an associate or affiliate of the Company is received or is to be received by a person or company whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of the Annual Information Form or prepared or certified a report or valuation described or included in the Annual Information Form.

ADDITIONAL INFORMATION

Additional information relating to the Company is available under the Company's profile on SEDAR at www.sedar.com. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, and securities authorized for issuance under the Company's stock option plans is contained in the Company's Management Information Circular for its Annual General Meeting of Shareholders held on September, 8 2017. Additional financial information is provided in the Company's Audited C0onsolidated Financial Statements and Management's Discussion and Analysis for the year ended September 30, 2016 and in the Management's Discussion and Analysis for the fiscal quarters ending after that date.

SCHEDULE "A"

CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF GLOBAL HEMP GROUP INC. (the "Company")

1 Purpose

1.1. The Audit Committee is ultimately responsible for the policies and practices relating to integrity of financial and regulatory reporting, as well as internal controls to achieve the objectives of safeguarding of corporate assets; reliability of information; and compliance with policies and laws. Within this mandate, the Audit Committee's role is to:

(a) support the Board of Directors in meeting its responsibilities to shareholders;

(b) enhance the independence of the external auditor;

(c) facilitate effective communications between management and the external auditor and provide a link between the external auditor and the Board of Directors;

(d) increase the credibility and objectivity of the Company's financial reports and public disclosure.

1.2. The Audit Committee will make recommendations to the Board of Directors regarding items relating to financial and regulatory reporting and the system of internal controls following the execution of the Committee's responsibilities as described herein.

1.3. The Audit Committee will undertake those specific duties and responsibilities listed below and such other duties as the Board of Directors from time to time prescribe.

2 Membership

2.1. Each member of the Audit Committee must be a director of the Company.

2..2 The Audit Committee will consist of at least three members, the majority of whom are neither officers nor employees of the Company or any of its affiliates.

2.3. The members of the Audit Committee will be appointed annually by and will serve at the discretion of the Board of Directors.

3 Authority

3.1. In addition to all authority required to carry out the duties and responsibilities included in this charter, the Audit Committee has specific authority to:

(a) engage, and set and pay the compensation for, independent counsel and other advisors as it determines necessary to carry out its duties and responsibilities; and

(b) communicate directly with management and any internal auditor, and with the external auditor without management involvement.

(c) Approve interim financial statements and interim MD&A on behalf of the Board of Directors.

4 Duties and Responsibilities

4.1. The duties and responsibilities of the Audit Committee include:

(a) recommending to the Board of Directors the external auditor to be nominated by the Board of Directors;

(b) recommending to the Board of Directors the compensation of the external auditor;

(c) reviewing the external auditor's audit plan, fee schedule and any related services proposals;

(d) overseeing the work of the external auditor;

(e) ensuring that the external auditor is in good standing with the Canadian Public Accountability Board and will enquire if there are any sanctions imposed by the CPAB on the external auditor;

(f) ensuring that the external auditor meets the rotation requirements for partners and staff on the Company's audits;

(g) reviewing and discussing with management and the external auditor the annual audited financial statements, including discussion of material transactions with related parties, accounting policies, as well as the external auditor's written communications to the Committee and to management;

(h reviewing the external auditor's report, audit results and financial statements prior to approval by the Board of Directors;

(i) reporting on and recommending to the Board of Directors the annual financial statements and the external auditor's report on those financial statements, prior to Board approval and dissemination of financial statements to shareholders and the public;

(j) reviewing financial statements, MD&A and annual and interim earnings press releases prior to public disclosure of this information;

(k) ensuring adequate procedures are in place for review of all public disclosure of financial information by the Company, prior to is dissemination to the public;

(l) overseeing the adequacy of the Company's system of internal accounting controls and internal audit process obtaining from the external auditor summaries and recommendations for improvement of such internal accounting controls;

(m) ensuring the integrity of disclosure controls and internal controls over financial reporting;

(n) resolving disputes between management and the external auditor regarding financial reporting;

(o) establishing procedures for:

  i. the receipt, retention and treatment of complaints received by the Company from employees and others regarding accounting, internal accounting controls or auditing matters and questionable practices relating thereto; and

  ii. the confidential, anonymous submission by employees of the Company or concerns regarding questionable accounting or auditing matters.

(p) reviewing and approving the Company's hiring policies with respect to partners or employees (or former partners or employees) of either a former or the present external auditor;

(q) pre-approving all non-audit services to be provided to the Company or any subsidiaries by the Company's external auditor;

(r) overseeing compliance with regulatory authority requirements for disclosure of external auditor services and Audit Committee activities.

4.2. The Audit Committee will report, at least annually, to the Board regarding the Committee's examinations and recommendations.

5. Meetings

5.1. The quorum for a meeting of the Audit Committee is a majority of the members of the Committee who are not officers or employees of the Company or of an affiliate of the Company.

5.2. The members of the Audit Committee must elect a chair from among their number and may determine their own procedures.

5.3. The Audit Committee may establish its own schedule that it will provide to the Board of Directors in advance.

5.4. The external auditor is entitled to receive reasonable notice of every meeting of the Audit Committee and to attend and be heard thereat.

5.5. A member of the Audit Committee or the external auditor may call a meeting of the Audit Committee.

5.6. The Audit Committee will meet separately with the President and separately with the Chief Financial Officer of the Company at least annually to review the financial affairs of the Company.

5.7. The Audit Committee will meet with the external auditor of the Company at least once each year, at such time(s) as it deems appropriate, to review the external auditor's examination and report.

5.8. The chair of the Audit Committee must convene a meeting of the Audit Committee at the request of the external auditor, to consider any matter that the auditor believes should be brought to the attention of the Board of Directors or the shareholders.

6. Reports

6.1. The Audit Committee will record its recommendations to the Board in written form which will be incorporated as a part of the minutes of the Board of Directors' meeting at which those recommendations are presented.

7. Minutes

7.1. The Audit Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board of Directors.