



Global Hemp Group Inc.

**Management Discussion and Analysis
Three Months ended December 31, 2019**

Management's Discussion and Analysis

The following is management's discussion in respect of the results of operations and financial position of Global Hemp Group Inc. (the "Company" or "GHG") for the three months ended December 31, 2019 and should be read in conjunction with the Company's audited annual financial statements for the most recent year ended September 30, 2019. The Company's financial statements have been presented in accordance with International Financial Reporting Standards and are presented in Canadian dollars unless otherwise specified. Additional information, including the above mentioned financial statements, which contain extensive disclosure of the history of the Company are available on SEDAR (www.sedar.com) and at the Company's website (www.globalhempgroup.com)

This MD&A has been prepared effective as of March 2, 2020

Forward Looking Statements

In the interest of providing the shareholders and potential investors of Global Hemp Group Inc. with information about the Company, including management's assessment of the Company's future plans and operations, certain information provided in this MD&A constitutes forward-looking statements or information (collectively, "forward-looking statements"). Forward-looking statements are typically identified by words such as "may", "will", "should", "could", "anticipate", "expect", "project", "estimate", "forecast", "plan", "intend", "target", "believe" and similar words suggesting future outcomes or statements regarding an outlook. Although these forward-looking statements are based on assumptions the Company considers to be reasonable based on the information available on the date such statements are made, such statements are not guarantees of future performance and readers are cautioned against placing undue reliance on forward-looking statements. By their nature, these statements involve a variety of assumptions, known and unknown risks and uncertainties, and other factors which may cause actual results, levels of activity, and achievements to differ materially from those expressed or implied by such statements. The forward-looking information contained in this MD&A is based on certain assumptions and analysis by management of the Company (the "Management") in light of its experience and perception of historical trends, current conditions and expected future development and other factors that it believes are appropriate.

The material factors and assumptions used to develop the forward-looking statements herein include, but are not limited to, the following: (a) the regulatory climate in which the Company operates will continue to be favorable to the Company's business; (b) the continued sales success of the Company's products; (c) the continued success of sales and marketing activities; (d) there will be no significant delays in the development and commercialization of the Company's products; (e) the Company will continue to maintain sufficient and effective production and R&D capabilities to compete on the attributes and cost of its products; (f) the Company's ability to deal with adverse growing conditions (due to pests, disease, fungus, climate or other factors) in a timely and cost-effective manner; (g) there will be no significant reduction in the availability of qualified and cost-effective personnel resources; (h) new products will continue to be added to the Company's portfolio; (i) demand for hemp-based wellness products will continue to grow in the foreseeable future; (j) there will be no significant barriers to the acceptance of the Company's products in the market; (k) the Company will be able to maintain compliance with applicable contractual and regulatory obligations and requirements; (l) there will be adequate liquidity available to the Company to carry out its operations; and (m) superior products do not develop that would render the Company's current and future product offerings undesirable and the Company is otherwise able to minimize the impact of competition and keep pace with changing consumer

preferences; and (n) the Company will be able to successfully manage and integrate acquisitions.

The Company's forward-looking statements are subject to risks and uncertainties pertaining to, among other things, revenue fluctuations, nature of government regulations, economic conditions, loss of key customers, retention and availability of executive talent, competing products, common share price volatility, loss of proprietary information, product acceptance, system infrastructure functionality, information technology security, cash available to fund operations, crop risk, availability of capital and, international and political considerations, including but not limited to those risks and uncertainties discussed under the heading "Risk Factors" in this MD&A. The impact of any one risk, uncertainty, or factor on a particular forward-looking statement is not determinable with certainty as these are interdependent, and the Company's future course of action depends on Management's assessment of all information available at the relevant time. Except to the extent required by law, the Company assumes no obligation to publicly update or revise any forward-looking statements made in this MD&A, whether as a result of new information, future events, or otherwise. All subsequent forward-looking statements, whether written or oral, attributable to the Company or persons acting on the Company's behalf, are expressly qualified in their entirety by these cautionary statements. **Overall Performance**

Background & Nature of Business

Global Hemp Group (the "Company" or "GHG") was incorporated on October 30, 2009 in British Columbia, Canada, originally under the name Arris Holdings Inc., and on March 24, 2014 changed its name to Global Hemp Group Inc. The Company's registered office is #106 – 1169 Mt. Seymour Road, North Vancouver, BC, V7H 2Y4. The Company's common shares are currently traded on Canadian Securities Exchange ("CSE") under the symbol "GHG", on Börse Frankfurt under the symbol "GHG", and on the U.S. OTC Markets under the symbol "GBHPPF".

The Company is focused on a multi-phased strategy to build a strong presence in the industrial hemp industry in the United States. The first phase of this strategy is to develop hemp cultivation for cannabinoid (CBD, CBG, CBN & CBC) extraction, creating a near term revenue stream that will allow the Company to expand and develop successive phases of the strategy. The Company's Joint Venture farm in Scio, Oregon (<https://globalhempgroup.com/scio-oregon>) is an example of the execution of this first phase of the strategy that is currently underway.

The second phase of the plan will focus on the development of value-added industrial products utilizing the processing of the whole hemp plant, as envisioned in the Company's Hemp Agro-Industrial Zone (HAIZ) strategy. These zones are designed to be replicated in any region where the law allows for the cultivation of industrial hemp.

The Hemp Agro-Industrial Zone (<https://globalhempgroup.com/hempagro>) is an optimization concept that grew out of GHG's efforts to carve a niche of its own in the spectrum of hemp industry. It seeks to build cooperative mechanisms between capital, farmers and labour, and across industrial sectors, focused on different parts of the hemp plant, to produce greater social and environmental benefits with substantial financial reward for those involved.

Benefits of the HAIZ strategy:

- Economic: Currently, the most profitable aspect of the HAIZ is cannabinoid extraction and refinement. In the near term, extraction will be the foundation that will subsidize the development of industrial applications for this strategy. Management expects that over time, the industrial applications

of hemp will become the largest and most profitable aspects of the HAIZ.

- Social: From soil to shelf, the HAIZ concept is based on a collaborative rather than competitive operations model, benefiting all stakeholders throughout the process. From growing of the crops through to the final materials and products, the HAIZ concept promotes cross-sector partnerships, rural development and job creation.
- Environmental: GHG embodies a commitment to environmentally friendly processes, from farming to production. The HAIZ concept utilizes the entire plant for the production of raw materials and products for the overall best benefits that balance profitability, as well as socio-economic and environmental impacts.

State of the Hemp Industry in the United States

Current pricing (Jan 2020) is reflecting the perception in the industry that there was significant over production and it has driven the market down to “fire sale” prices driven by fear and panic. If year over year pricing history were available it would show that the few months immediately following harvest, prices drop across the board, seeds, raw biomass, crude oil, broad spectrum and full spectrum oil, distillate and isolate. Near the end of the Q1 prices have historically begin correcting and start to move back up as processors and off takers work through the bulk of acceptable material and find there isn’t as much biomass as initially projected.

In the US, hemp acreage in 34 states that issued licenses for cultivation totaled 511,442 acres in 2019; 78,176 in 2018; 25,713 in 2017 and 9,770 in 2016 (<https://www.votehemp.com/u-s-hemp-crop-report>). Significantly less hemp than was licensed in 2019 than was actually planted and harvested due to a variety of factors that include access to quality seed and/or clones, a lack of financing as well as general inexperience in the hemp market. Vote Hemp estimates that 230,000 acres of hemp was actually planted in 2019 and only 50-60% of that will be harvested due crop failure, non-compliant crops and other factors resulting in approximately 115,000-138,000 total acres of harvested hemp.

[Hemp Benchmarks](#) is collecting pricing data from participants in the industry and making that data available for analysis. As of now they provide spot pricing, but not historical pricing and they are the only company we are aware of that is accumulating this data (visit their website to see the current month’s report). In 2020 they will have accumulated two years of data that can be validated. This will allow companies to start analyzing year over year and quarter over quarter pricing trends.

BUSINESS UPDATE

CBD Hemp Project – Scio, Oregon

Located in the fertile Willamette Valley, approximately 70 miles south of Portland, the Company’s 109 acre Joint Venture farm was acquired in 2018 due to its history of hemp cultivation, irrigation infrastructure with sufficient authorized water rights, and a high level of organic matter in the soil, making it ideal for growing hemp. The project operates under the name Covered Bridge Acres Ltd. (“CBA”), a corporation 50% owned by GHG and 50% owned by its joint venture partner.

It should be noted that the Oregon joint venture is a 50% equity investment for the Company. As a result, the revenue and profit of Oregon JV were recognized as share of profit on equity investment instead of revenue of Global Hemp (see note 8 Investment in Associates in the December 31, 2019 financial statements).

In addition to selling its biomass and distillate, CBA has been looking at additional value-added products that can be produced and marketed utilizing the Company's biomass and oils, in light of lower prices for these products in the current market. This will maximize the value that the Company can achieve for its biomass and oils produced. Other sources of revenue that the team is working on include growing clones for sales to seed producer, providing clones to local farmers on a share crop agreement, utilizing the greenhouse for propagation for local farmers, and facilitating the sale of biomass from other local farmers. As contracts are signed, they will be announced.

Hemp Licenses for 2020 – CBA has renewed its Grower and Seed registration, and new for 2020, CBA has submitted a Handlers Application that will allow the company to further process the hemp flower harvested into a separate salable product. The CBA team will process its hemp flower upon receipt of this new license, which recent contact with the Oregon Department of Agriculture indicated that we will finally receive shortly. Due to a backlog in processing, CBA has been waiting on this license since the beginning of the year.

CBA has acquired high CBG genetics that will be used for the 2020 cultivation, which they have been growing in the greenhouses over the winter (see below). This will not only ensure that the biomass and flower produced in 2020 will be total THC compliant, it will produce a product that has historically been priced significantly higher than CBD material of similar quality, which is still the case today.

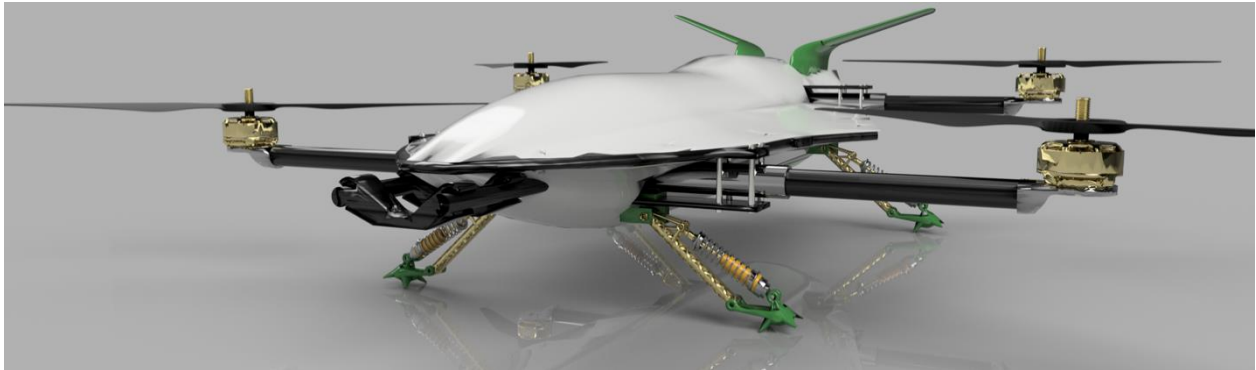


Winter greenhouse operations at the Scio Oregon farm

Development of the First Hemp Biocomposite Drone for Commercial Agricultural Monitoring

Global Hemp Group and Q Worx LLC (“QWorx”) are developing the first commercial hemp biocomposite (H-Fiber) drone specifically designed to monitor large scale farming. The main fuselage on the drone and other parts will be made from hemp that was grown on the Company’s hemp farm in Scio, Oregon.

With the legalization of hemp in the United States, Research & Development into the use of hemp biocomposites is ramping up. H-Fiber will undoubtedly be utilized as a replacement for carbon or glass fiber in a myriad of commercial applications as demonstrated in the drone project.



Qworx has completed Phase I of the project. Work completed in Phase I includes:

- Development of the prototype hemp composite drone
- Removable battery and docking system
- Folding Rotor Arms and locking mechanisms
- Removable propeller system
- Landing Gear System
- New long-range radio telemetry system
- Soil Sensor Payload
- Lidar obstacle avoidance system
- Ground Station Android based App - the drone can be operated using a cell phone and tablet in the field
- New Hemp cellular composite body system

Phase II began in January 2020, QWorx is finalizing the V2.0 design (see above) and is currently performing flight and sensor testing. QWorx has also begun designing and implementing the manufacturing process as well as designing and preparing to implement the marketing program and advises that they have begun speaking to potential strategic sales outlets for the drone.

V2.0 is a complete redesign which lowers manufacturing costs and increases output capacity by reducing build times. A lifting body was added to V2.0 to aid in the efficiency of flight time and to reduce drag, weight and unnecessary parts. The base model can be customized by adding accessory packages, i.e. an Obstacle Avoidance System, Thermal Imaging Cameras, an FPV (First Person View) Camera Package, sensor packages using RF to monitor Soil Temperature and Moisture, NPK and PH, as well as other accessories including extra Batteries.

Cold Air Rapid Drying System

On October 30, 2019 the Company announced that had entered into an additional Technology Development Agreement (https://bit.ly/QWorx_Agr2) with Q Worx LLC (“Qworx”) to develop a cold air rapid drying system for hemp and cannabis flower.

This unique drying system, which has a shell made of hemp biocomposite, will deliver a more efficient drying solution than traditional drying systems that use heat. By using cold air for drying and curing versus the traditional warm air, degradation of cannabinoids that occurs when heat is applied will be greatly reduced. The system is extremely versatile as it can also be operated using heat if required. The system is designed to reduce labor and fuel costs associated with most current drying systems and will significantly reduce the drying time for the flower. The drying system will not only be cost effective to operate; it can potentially generate 40% to 60% of the energy required to operate it, using a unique and proprietary technology being developed by QWorx. It is expected that the prototype will be beta tested in Q2 2020.

Cash Crop Today Media, LLC (“CCTM”)

The Company holds a 50% equity interest in CCTM (<http://cashcroptoday.com>). CCTM is a media distribution company, distributing quality hemp and cannabis content with the goal of being a voice for the hemp and cannabis industry. Captivating hemp and cannabis aficionados through digital streaming brands, CCTM’s outlets include some of the first of its kind: CashCropToday - a hemp and cannabis industry resource for stocks and new investment trends, with informal interviews from leaders in the industry, and having an average number unique visitors per month of 542,000, CannaVid.TV, The Foodie Dispensary, Grown and Healthy CBD Reviews.

CashCropToday (“CCT”) is a hemp and cannabis industry resource for stocks and new investment trends, with informal interviews from leaders in the industry. CCT is currently receiving an average of 542,000 unique visitors per month and growing.

CannaVid.TV, a streaming network found on Apple TV, Amazon Fire Stick, Roku, and the IOS & Android app stores. Cannavid is currently acquiring documentaries and shows about hemp & cannabis lifestyle, growing, and entertainment. The channel will launch later this year.

CCTM continues to grow its overall viewership and advertising revenue.

Instagram



Follow the development of the Scio Oregon Hemp Project and the projects being developed through GHG’s partnership with Qworx on Instagram @hemp_global

Selected Quarterly Information

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

| | Quarter Ended | | | | | | | |
|---|---------------|-----------|-----------|-----------|-------------|-------------|-----------|-----------|
| | 31-Dec-19 | 30-Sep-19 | 30-Jun-19 | 31-Mar-19 | 31-Dec-18 | 30-Sep-18 | 30-Jun-18 | 31-Mar-18 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Revenue | 28,875 | 1,207 | - | 1,381 | - | - | - | - |
| Operating expenses | (993,872) | 720,989 | (47,310) | (126,819) | (3,092,888) | (1,072,630) | (45,418) | (75,062) |
| Net Income (Loss) from continued operations & net loss | (1,016,761) | 660,196 | (340,297) | (167,078) | (3,071,134) | (1,302,591) | (155,691) | (49,498) |
| Loss per share, basic & diluted | (0.01) | 0.00 | 0.00 | 0.00 | (0.01) | (0.01) | 0.00 | 0.00 |

Results of Operations

Quarter Ended December 31, 2019 ("2020"Q1)

Loss for 2020 Q1 was \$1,016,761 (Quarter Ended December 31, 2018 ("2019 Q1") – loss of \$3,071,134). The \$993,872 loss was mainly a combined result of having operating expenses of \$993,872 (2019 Q1 – \$3,092,888), share of loss of investment in associates of \$21,404 (2019 Q1 - \$24,394), interest income of \$NIL (2019 Q1 - \$8,025) and exchange loss of \$20,009 (2019 Q1 – Gain of \$38,123). Consulting fees of \$21,378 (2019 Q1 - \$NIL) to the directors as the directors opted to receive the compensation in the form of cash instead of share-based compensation in the current period. Research and development expenses of \$32,854 (2019 Q1 - \$NIL) were related to the new initiative in developing dryers and drone.

Share of loss of investment in associates of \$21,404 during 2020 Q1 was related to the 50% share of the operating losses incurred by Covered Bridge Acres Ltd., the Oregon Joint Venture company incorporated in April 2018.

As at December 31, 2019, the Company had \$186,813 cash (September 30, 2019 - \$485,774), accounts payable and accrued liabilities of \$415,785 (September 30, 2019 - \$421,543), notes payable of \$29,553 (September 30, 2019 - \$29,002) and \$6,691,986 in share capital (September 30, 2019 - \$6,691,986).

Liquidity and Capital Resources

Financing of operations has been achieved primarily through equity and debt financing. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they are due. As at December 31, 2019, the Company had a working capital deficit of \$211,966.

Management realizes that the current liquidity and capital on hands are not sufficient to develop the Company into a viable business. In order to improve the working capital, the Company may further raise capital in the future to finance the Company's operations through equity or debt financing, including related party loan, or through other arrangements including but not limited to joint-venturing.

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

Proposed Transactions

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

Outstanding Share Data

As at the date of this MD&A, the Company has the following shares or equities that are convertible to the Company's share capital on a one-to-one basis:

| | |
|-----------------------|-------------|
| Class A Common Shares | 188,197,016 |
| Warrants | 34,365,558 |
| Stock Options | 18,400,000 |

Off-Balance Sheet Arrangements

The company does not have off-balance sheet arrangements.

Transactions with Related Parties

Related party transactions not disclosed elsewhere are as follows:

Key Management Compensation:

| | Nature of transactions | Three months ended December 31, | |
|-----------|--------------------------|---------------------------------|-----------|
| | | 2019 | 2018 |
| | | \$ | \$ |
| Directors | Consulting fees | 21,378 | 49,277 |
| Directors | Share-based compensation | 912,600 | 3,042,000 |

During the three month period ended December 31, 2019, 1,800,000 share purchase warrants were vested for Mr. Charlie Larsen, the Chief Executive Officer ("CEO") of the Company with an exercise price of \$0.12/warrant and expiry date on December 10, 2023 as compensation for the CEO's service. Share-based compensation of \$304,000 were recognized during the period.

As at December 31, 2019, \$51,949 (September 30, 2019-\$51,949) was owing to the CEO of the Company.

During the three month period ended December 31, 2019, 1,800,000 share purchase warrants were vested for Mr. Curt Huber, the Chief Financial Officer ("CFO") of the Company with an exercise price of \$0.12/warrant and expiry date on December 10, 2023 as compensation for the CFO's service. Share-based compensation of \$304,000 were recognized during the period.

As at December 31, 2019, \$52,500 (September 30, 2019-\$52,500) was owing to the CFO of the Company.

During the three month period ended December 31, 2019, 1,800,000 share purchase warrants were vested for Mr. Paul Perrault, a director of the Company with an exercise price of \$0.12/warrant and expiry date on December 10, 2023 as compensation for the Director's service. Share-based compensation of \$304,000 were recognized during the period.

As at December 31, 2019, \$51,250 fees (September 30, 2019-\$51,250) were accrued for Mr. Paul Perrault and Mr. Jeff Kilpatrick, the two directors of the Company.

Changes in Accounting Policies including Initial Adoption

Refer to Notes 3 to the Company's interim financial statements for the three months ended December 31, 2019.

Risks and Uncertainties

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

New Business

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

Dilution to the Existing Shareholders

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

Reliance on Management's Expertise

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

Permits and Licenses

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

Conflicts of Interest

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

Financial and Disclosure Controls and Procedures

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

of interim and annual filings and other reports provided under securities legislation.

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

In contrast to the certificate under National Instrument ("NI 52-109") (Certification of Disclosure in Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

Directors and Officers

| | |
|--------------------|-----------------------------|
| Charles Larsen | Director, President and CEO |
| Curt Huber | Director and CFO |
| Dr. Paul Perrault | Director |
| Jeffrey Kilpatrick | Director |