



Global Hemp Group Inc.

**Management Discussion and Analysis
Three and Six-Month periods ended
March 31, 2023 and 2022**

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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 and six-month periods ended March 31, 2023 and 2022 and should be read in conjunction with the Company's audited annual financial statements for the most recent year ended September 30, 2022. The Company's interim condensed consolidated 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 May 30, 2023.

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.

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 "GBHPF".

GHG is focused on developing and promoting hemp-based products that are sustainable, environmentally friendly, and have a positive impact on society, as envisioned in the Hemp Agro-Industrial Zone (HAIZ).

Benefits of the HAIZ strategy:

- **Economic:** The HAIZ was originally conceived at a time when hemp was just making its comeback after 80 years of repression and a continued uncertain regulatory framework. Consequently, markets for most hemp products were rather shallow leading to wide swings in prices. Cannabinoid extraction is typical of such markets, and it offered the best opportunity to finance the production of the less visible/attractive hemp products. Over the past two years, the more traditional hemp products (hurd and fibre) have become more established and provide real opportunities. Management expects that the time for these other hemp products has come and will become of central importance in the future of the Company.
- **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:** Global Hemp Group is committed to environmentally-friendly processes and products, from farm to final consumer. Because of its light weight, transport of hemp intermediate goods is costly and carries a heavy carbon footprint. By concentrating production and processing to a zone adjacent to the farming area, the HAIZ minimizes both adverse economic and environmental effects.

To further support and innovate the HAIZ, Global Hemp Group has established a [Research and Development Division](#) to actively pursue the development of Intellectual Property that can be patented for implementation at its projects and beyond. The Division is led by [Prof. Víctor M. Castaño, Ph.D.](#) whose career has been focused on the areas of applied science and technology. The R&D team brings an amazing wealth of knowledge and experience in multiple disciplines and will initially focus on development of Environmentally Friendly Construction Materials, Nanotechnology related products and Enhanced Cannabinoid Extraction from Hemp.

GHG has expanded its scope of business into natural biologic therapeutics having acquired the exclusive North America licensing of patents and IP from Apollon Formularies plc, a UK-based international pharmaceutical company developing cancer treatments from natural biologics, including cannabinoids, functional mushrooms, psychedelic mushrooms and combinations of these compounds, which to date have shown successful independent, third-party results in pre-clinical testing. Apollon utilizes an artificial intelligence-based drug discovery platform.

Business Update

GHG continues to look to expand business opportunities in its business segment.

Termination of Revitalize Earth Reverse Take-Over Transaction

On January 3, 2023, the Company announced that it had terminated the Binding Letter of Intent that it had executed with Revitalize Earth to consummate a going-public transaction involving the reverse take-over of GHG. The Transaction constituted a “Fundamental Change” for GHG under the policies of the CSE, therefore trading in the common shares of GHG was halted pending completion of filings with the CSE and the posting of an information circular on SEDAR. With the termination of the LOI, trading in GHG common shares resumed on January 5, 2023.

On January 10, 2023 the Company received a loan from an arm’s length party in the amount of US\$100,025. The loan bears interest at a rate of 7% per annum and is due on or before July 31, 2023.

Expansion of Business Opportunities - Execution of Binding LOI with Apollon Formularies plc

On January 11, 2023 Global Hemp Group announced execution of a binding Letter of Intent with [Apollon Formularies Plc](#) - AQSE: APOL (“**Apollon**”) (the “**LOI**”), a UK-based international pharmaceutical company developing cancer treatments from natural biologics, including medical cannabis, functional mushrooms, psychedelic mushrooms and combinations of these compounds, which to date have shown successful independent, third-party results in pre-clinical testing. Apollon utilizes an artificial intelligence-based drug discovery platform.

Under the terms of the binding LOI dated January 9, 2023, GHG will acquire the exclusive perpetual license for North America (specifically, the United States, Canada and Mexico) to certain Apollon Intellectual Property and proprietary technology, including, but not limited to, four key patents as described below including any continuations, divisionals, and continuations-in-part, along with any and all associated preclinical and clinical data relating to the patents and proprietary technology (the “IP”).

The Company has also been granted an option to acquire the entirety of Apollon’s global assets upon completion

of satisfactory due diligence. The Parties continue their due diligence, which the Company now expects to be completed by the end of May 2023.

Deal Terms for the Intellectual Property

GHG will pay a total of US\$250,000 (C\$341,000) in two tranches (paid) and issue Apollon 10 million common shares of GHG (issued) at a deemed price of C\$0.015 per share, for total consideration of C\$491,000. The Company will also pay Apollon ongoing licensing fees relating to the IP, beginning the quarter following when any licensing and sub-licensing revenues are generated. All securities issued in this transaction are subject to a four-month plus a day hold period from the date of issuance in accordance with applicable securities laws. GHG will pay a finder's fee to Twilight Capital Inc. or such other affiliate, designee, or associate, representing five percent (5%) of the value of the entire Transaction between GHG and Apollon.

Intellectual Property - Patent Information and Independent Test Data Being Exclusively Licensed

GHG will acquire the exclusive perpetual license to the following patents (including any continuations, divisional and continuations-in-part) and any associated preclinical and clinical data relating to the patents. The patents are registered under the International Patent System (PCT) and are also registered in Jamaica. This exclusive perpetual license will cover Canada, the United States and Mexico, for the four patents below and all associated supporting data:

- [Compositions and Methods for Treatment of Cancers;](#)
- [Compositions and Methods for Treatment of Inflammation;](#)
- [Methods for Treatment of Human Cancers Using Cannabis Compositions;](#)
- [Methods for Treatment of Human Cancers Using Mushroom Compositions;](#)
- BIOENSIS Preclinical Data reflecting independent 3D cell culture testing of cannabis and mushroom formulations included in the patent applications.

These patents include claims to the treatments of cancers and inflammatory conditions using natural biologics including compounds in medical cannabis, functional mushrooms, psychedelic mushrooms and combinations of these compounds that have been shown in independent, third-party preclinical 3D cell culture testing to kill cancer cells via direct cytotoxicity and immune stimulated cytotoxicity with great success and high efficacy. Under the Exclusive License Agreement, GHG will have the right to sublicense this intellectual property to legally licensed producers in the United States (state by state where medicinal cannabis is legal), Canada and Mexico, which allows the opportunity to generate significant near-term sublicensing revenue in these three countries.

Use of artificial intelligence - Apollon uses the latest state-of-the-art artificial intelligence techniques to optimize strain genetics for medical cannabis formulation development and to analyze patient genomic data to identify new potential biomarkers to triage patients into the correct treatment protocols.

AI plays a vital role in natural biologic drug discovery by accelerating the discovery process, improving efficiency, and enhancing the likelihood of success in developing new biologic drugs from natural sources. Specifically, AI has the ability to assist in natural biologic drug discovery in numerous ways including data analysis, predictive modeling, compound screening, target identification, and optimization of therapeutic agents. In addition, AI can analyze the results of high-throughput screening experiments to identify compounds with potential biological activity. By analyzing large datasets, AI algorithms can identify patterns and relationships that are often impossible for human researchers to identify, which allows for the correct selection of new novel drug candidates.

Terms of the Option to Acquire the Entire Assets of Apollon

The LOI provides for a due diligence period, during which GHG and Apollon may gather further information about each other's business and finances. If both parties are satisfied with the results of the due diligence, GHG will have the exclusive option to acquire all the assets of Apollon other than cash, cash equivalents, and receivables, for a payment of 771,191,266 GHG common shares at a deemed price of \$0.015 per GHG common share, for total consideration of C\$11,567,869. All securities which may be issued relating to this portion of the transaction will be subject to a minimum of four-month plus a day hold period from the date of issuance and any other customary delayed release escrow provisions customary for these type of transactions in accordance with applicable securities laws. In the event that GHG exercises this option to acquire the assets of Apollon, the Company will ask shareholders to consider a share consolidation on a basis of 5 old for 1 new share, and the proposed transaction would be considered a fundamental change for the Company, per CSE Policy 8. GHG will pay a finder's fee to Twilight Capital Inc. or such other affiliate, designee, or associate, representing five percent (5%) of the value of the entire Transaction between GHG and Apollon. The Finder's Fee relating to the Asset Acquisition portion of the transaction, if concluded, will be payable either in cash, GHG Shares or a combination of both.

Apollon Formularies Plc Assets that will be Acquired on Exercise of Option:

- 14 National Phase Patent Applications including filings in the U.S., Canada, Mexico, Israel, South Africa, Jamaica, and the European Union), plus two additional Patent Cooperation Treaty (PCT) international patent applications
- Independent 3rd Party Successful Pre-Clinical 3D in-vitro cell culture studies in 10 individual cancer cell lines including Prostate, Breast, Colon, Lung, Bladder, and Skin, performed at BIOENSIS laboratories in the United States.
- The right to acquire 49% Equity in Apollon Formularies Jamaica, Ltd. ("Apollon Jamaica") with approval of the Jamaican Cannabis Licensing Authority ("CLA").
- 95% net profits from all operations in Apollon Jamaica, Ltd.

Apollon Formularies Jamaica, Ltd. Assets

- CLA Medical Cannabis Licenses (Processing, Retail Therapeutic, Research & Development) and all equipment required to perform under the licenses. Licenses allow import and export of products globally where legally allowed.
- The Medical Cannabis R&D license allows the Company to perform human clinical trials with approval of the Jamaican Ministry of Health.
- International Cancer and Chronic Pain Institute (fully medically equipped and furnished) located in Kingston, Jamaica.
- Control of CITIVA Jamaica (University location and Affiliation). Includes CLA Cultivation License which allows import and export of products globally where legally allowed. Fully equipped and furnished. GMP approval pending final inspection.
- Medical cannabis inventory: approximate retail value US\$350,000 (unaudited figures).

- A signed processing agreement for a hemp farming group in Jamaica. Apollon will process, for a fee, the hemp cultivated into CBD oil for global export. It is expected that the farming group will have multiple crops per year available for processing.
- Contract to run clinical trials at the Apollon's facility for a U.S. biotherapeutics company on a cost-plus basis.
- Therapeutic Dispensary (fully equipped and furnished).
- Fully equipped pharmaceutical processing and manufacturing laboratory
- Research and Development Facility (fully equipped and furnished).

In light of Apollon Jamaica's significant Jamaican operations, Apollon is one of very few natural biologic drug development companies globally that is a publicly traded company, legally licensed to work with full spectrum high THC cannabis, functional mushrooms and psychedelic mushroom formulations and combinations of these compounds in a fully licensed and legal environment that can perform drug discovery, execute pre-clinical testing, perform human clinical trials, provide immediate direct human availability of these treatments by physician prescription, has an International Cancer and Chronic Pain Institute, and is approved to export our products globally where legally allowed.

Global customers, including potential partners like Big Pharma, seeking natural biologic products and partnerships can look to companies like Apollon that will have patent protected formulations, validated by pre-clinical and human clinical trial data, rather than companies with random medical cannabis and mushroom based products without this level of scientific rigor and intellectual property protection. The Exclusive License Agreement with GHG allows these Jamaican developed formulations to be sublicensed and manufactured in the United States, Canada, Mexico, the European Union, Israel and Morocco as legally allowed.

The ability to undertake drug discovery in conjunction with human application and treatment is the investment framework Apollon offers. This framework allows Apollon to collect clinical data quickly and accurately on their formulations from real-life treatments at their facilities via both in-patient and outpatient care. Apollon advises that they expect the number of patients receiving treatment at their facilities in 2023 to grow significantly. They also anticipate a substantial market for global export of Apollon's natural biologics and global sublicensing of their intellectual property formulations.

Execution of Exclusive Licensing Agreement

On January 23, 2023 the Company announced that per the binding LOI with [Apollon Formularies Plc](#) - AQSE: APOL ("Apollon"), the Parties executed an exclusive licensing agreement (the "License Agreement") covering the licensing of the right to Apollon's Patent Applications and the Technology for the United States, Canada, and Mexico. The formulations covered under the licensed IP has demonstrated significant success in independent, third-party pre-clinical testing (see Apollon's July 19, 2021 news release "[Apollon Formulations Kill Prostate Cancer Cells](#)" for further information). See the above section regarding execution of Apollon Formularies LOI for more detail and links to patents and IP covered under this licensing agreement.

Licensing Fee - During the Term of this License Agreement GHG shall pay a quarterly licensing fee to Apollon ("Licensing Fee"), the payment of which shall be triggered when revenues are first generated from sublicensing activities. Payment of the Licensing Fee shall commence with the subsequent quarter. The Licensing Fee shall equal 10% of gross sublicensing fees received by GHG, and the Parties agree to reconsider the Licensing Fee from time to time, and if circumstances warrant, the Parties agree to negotiate in good faith to determine a reasonable

revised License Fee.

Expansion of Exclusive License of Marketing

The Company has expanded its Exclusive License of the Apollon IP to include Israel, and the European Union, and Morocco, from its existing United States, Canada, and Mexico.

Global Hemp Group has begun an IP sub-licensing program to legally licensed manufacturers, distributors, and retailers in any and all locations where legally permitted in its Exclusive License regions.

The Company is looking to pursue two models for the marketing of the Company's Exclusive Licensing of Apollon patents and IP, one that will look to create a partnership with a manufacturer/distributor, that will be more focused on the direct-to-consumer revenue share model, and the other will be focused on sublicensing of the IP to manufacturer/distributors initially throughout the United States, Canada, and Europe.

On April 28, 2023 that Company announced that it had executed the first North American sublicense in the United States. It was a Non-Exclusive Sublicense to Medicinal One, LLC, a Florida corporation, specifically for online eCommerce sales of the Apollon Branded products including both functional mushroom and hemp-based products. This will include Apollon's unique patent protected mushroom/hemp-based combination product line.

Under the terms of the agreement, Medicinal One will pay an in-kind up-front payment that will cover the costs of creating and hosting the eCommerce website, manufacturing the products, promoting the products through various targeted social media ad campaigns, product order fulfilment and direct shipping. In exchange for this non-exclusive sublicense, Medicinal One will pay GHG a 20% gross revenue royalty on all sales monthly. This represents a significant opportunity for GHG to generate revenue in the online eCommerce market throughout the United States where functional mushroom and hemp-based products are legal.

According to Zion Market Research, the global functional mushroom market size was evaluated at \$15.3 Billion in 2022 and is slated to hit \$23.3 Billion by the end of 2030 with a CAGR of nearly 10.1% between 2023 and 2030.... North America is anticipated to lead the global functional mushroom market growth over the projected timeline due to a surge in the intake of mushrooms as superfoods
(<https://www.zionmarketresearch.com/news/global-functional-mushroom-market>)

The manufacturer that the Company is working with to supply these products has a long history in developing and supplying hemp-based products to the market and has recently expanded into functional mushroom formulations, making them the ideal manufacturer for this project. In addition, the Company has been in discussions with this manufacturer to partner with the Company to manufacture and distribute additional Apollon products not currently covered under this non-exclusive sublicensing agreement.

Director & Officer Changes During the Quarter

A number of Director changes took place on the Company's Board of Directors in the month of February. On February 6, 2023 the Company announced that Roger Johnson had resigned as a Director of the company. On February 14, 2023 announced the appointment of Aurelio Useche and Veronique Laberge to the Company's Board.

Aurelio Useche leverages over 20 years of senior management experience including COO, CFO and CEO in several private and publicly traded corporations in manufacturing, mining exploration, consumer goods and entertainment. Mr. Useche is a CPA, CMA and a graduate of the executive MBA program at Queen's University School of Business. Mr. Useche is also a graduate of the Corporate Directors program at the University of Toronto's Rotman School of Business and of the Masters Certificate program in Risk Management program at York University's Schulich School of Business.



Veronique Laberge began her career in an accounting firm in 2005. She participated in various certification mandates for private companies. Mrs. Laberge then chose to pursue her career in a management position in the field of professional services, an experience that allows her to acquire solid expertise in the business world. In 2018, Mrs. Laberge returned to professional practice as a self-employed practitioner. Specializing in certification mandates, general accounting and as a consultant for public and private companies, she wishes to support companies in their financial management. Also, a chartered professional accountant and holder of the title of auditor, she now has more than 15 years of experience in professional

practice.

On February 14, 2023, the Company also announced that Jeff Kilpatrick had resigned as Director of the Company.

On March 20, 2023 the Company announced that Stephen D. Barnhill Jr. has been appointed interim President & CEO, and that Curt Huber, former President & CEO will remain as a Director of the Company and will oversee GHG's continuing industrial hemp related business segments.

Mr. Barnhill is currently the Chief Operating Officer (COO) of Apollon Formularies, plc, a natural biologics drug discovery company publicly traded on the Aquis Exchange in London, UK. As Apollon's COO, he is responsible for all company operations in Jamaica, the Caribbean and North America. Stephen will be stepping down from that position immediately to become the Interim CEO of Global Hemp Group.



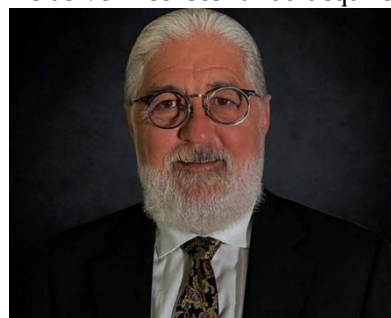
Stephen is the Co-Founder and President of Apollon Formularies, Inc. a US corporation established in 2014. He was instrumental in the international expansion of Apollon Formularies, Inc. to Jamaica in 2015, co-founding Apollon Formularies Jamaica, Ltd with headquarters in the Faculty of Medical Sciences at the University of the West Indies, Mona in Kingston. Apollon Formularies Jamaica, Ltd has a suite of vertical medical cannabis licenses from the Cannabis License Authority (CLA) including Cultivation Research and Development (allowing clinical trials), Processing, and Retail Therapeutic, an International Cancer and Chronic Pain Institute (ICCPI) in Kingston operating with a team of licensed medical doctors, Natural Psychedelic Therapeutics, Ltd to treat patients with psilocybin and an international medical tourism facility on the sea in Negril which treats international patients coming to Jamaica for treatment with Apollon's natural biologic products.

Mr. Barnhill was also involved in the expansion of Apollon to Europe transitioning the company to Apollon Formularies, plc, a publicly traded company on the Aquis Exchange in London, UK and was appointed COO of Apollon Formularies, plc. Stephen was also Founder and CEO of CBev Ventures, Inc., a medical cannabis beverage company offering the High Spirits brand of drinks.

Addition of Members to the Company's Advisory Board

In order to strengthen the Company's expertise in the areas of corporate finance and Sublicensing of its Exclusive License from Apollon, the Company appointed a number of members to the Company's advisory board.

On February 6, 2023, the Company announced that Dr. Stephen D. Barnhill, MD joined the Advisory Board as its Special Medical Advisor ("SMA") in order to assist GHG in monetizing the Exclusive Licenses it had acquired from Apollon, into an ongoing revenue stream. Dr. Barnhill is the creator of the IP and Chairman & CEO of Apollon. He was issued a one-time payment of 10 million common shares of GHG at a deemed price of \$0.015 per share for his ongoing engagement as SMA. The holding period for these shares will be four months and one day, calculated from the date of issuance.



Dr. Barnhill is also Chairman & CEO of Apollon Formularies, Inc. (USA), President and Board Member of Apollon Formularies Jamaica, Ltd. (Jamaica), and Chairman and CEO of Doc's Place International, Inc.

Dr. Barnhill is a Medical Doctor specializing in Cannabinoid and Mycomedicinal Therapeutics, Drug Discovery and Artificial Intelligence, and has completed a Clinical Fellowship in Laboratory Medicine (Clinical Pathology) at the Medical University of South Carolina (MUSC).

Previously, Dr. Barnhill was Founder, Chairman and CEO of both private and public companies, including Founder, Chairman, and CEO of BCL laboratories, LLC with operations in southeastern US, which was acquired by Corning–MetPath now Quest Diagnostics, the largest clinical laboratory in the world. After the acquisition, he served as a Medical Director for that Quest Diagnostics location for approximately 5 years. Dr. Barnhill was Founder, Chairman and CEO of National Medical Specialty Labs, which was acquired by Horus Therapeutics Inc. (a New York Pharmaceutical Company) and Chairman and CEO of Health Discovery Corporation, a US publicly traded international biotech company, from inception to profitability. As CEO, Dr. Barnhill has negotiated and executed deals with many companies, including Pfizer, Abbot, Corning-MetPath, Quest Diagnostics, Clariant, LabCorp, NeoGenomics, Bruker and others.

Dr. Barnhill is a pioneer in artificial intelligence machine learning (pattern recognition algorithms) in medicine and is an Inventor on more than 80 international patents, including neural networks and support vector machines and including the Hallmark SVM-RFE technique now cited by more than 10,000 publications.

For additional information on Dr. Barnhill, including peer reviewed papers, articles published and various podcasts and videos, please visit the Company's website <https://www.globalhempgroup.com/dr-stephen-barnhill>

On February 17, 2023, the Company announced the addition of Mathieu Couillard as its Business Development and Capital Markets Advisor and the continuing engagement of Twilight Capital on its Advisory Board.



Mr. Couillard served as Managing Director of investment banking at Haywood Securities, leading the Special Situations team from 2016 to 2022. Mr. Couillard is an experienced investment banker who has extensive experience in the cannabis space. He has participated in over \$1 Billion in capital raises for cannabis companies from start-ups to some of the largest players in the industry. He is the architect of numerous mergers and acquisitions.

Prior to joining Haywood Securities Mr. Couillard was part of the Risk Management Solutions group specializing in the sales and structuring of derivative products at National Bank of Canada in Toronto. From 2006 to 2014, Mr. Couillard was part of National Bank's investment banking group in Montreal. Mr. Couillard is a *Fellow* of the Society of Actuaries.

The Company also announced the continuing engagement of [Twilight Capital](#) as Special Advisor/Capital Markets. Twilight Capital is an M&A and Capital Markets Advisory consulting firm headed by Nikolas Perrault. Mr. Perrault is a Chartered Financial Analyst with significant experience in the technology, financial, and natural resources industries. He provides strategic advice to select clients on a global scale.

Mr. Perrault obtained his Chartered Financial Analyst designation in 1997 and spent the first 15 years of his career with Canada's large institutions like National Bank, Merrill Lynch, CIBC, and Scotia Capital. His focus throughout his career has been on small to medium-cap companies worldwide which allowed him to develop an extensive international network.

On March 22, 2023 the Company announced the appointment of Dr. Herbert Fritsche to the Company's Advisory Board as its Chief Scientific Advisor. Dr. Fritsche is a world-renowned Clinical Chemist and former Professor of Laboratory Medicine and Chief of the Clinical Chemistry Section at the University of Texas MD Anderson Cancer Center for 41 years.



Dr. Fritsche served as an invited consultant/advisor to the Food and Drug Administration, the National Cancer Institute, the Laboratory Practice Guidelines Committee for the National Academy of Clinical Biochemistry, the Editorial Board of six international scientific journals, and as a consultant to many major international diagnostic companies. Previously, he served on the Expert Panel for developing Tumor Marker Practice Guidelines for the American Society of Clinical Oncology (ASCO) from its inception until his retirement from MD Anderson Cancer Center.

His awards include the Johnson and Johnson Award for Outstanding Research and Contributions to Clinical Biochemistry from the National Academy of Clinical Biochemistry, the Abbott-ISOBM Award for Outstanding Research in Oncology, the Morton K Schwartz Award for Outstanding Achievements in the field of Cancer Diagnostics from the American Association for Clinical Chemistry ("AACC") and more.

For further information on Dr. Fritsche, please visit the Company's website <https://www.globalhempgroup.com/dr-herbert-fritsche>

On March 30, 2023 the Company announced that Jeff Nagel had joined the Company's Advisory Board as its Product Manufacturing Advisor.

Mr. Nagel is a veteran in the natural biologics drug discovery and manufacturing space, with more than 15 years' experience in the industry. He brings with him a wealth of knowledge and expertise that will be invaluable to Global Hemp Group Inc. both as an advisor to the R&D Division in their ongoing development of various hemp-based products and technologies, as well as assisting Management in its continuing discussions with various manufacturers and distributors in the sublicensing of its exclusive license of Patents and Intellectual Property acquired from Apollon earlier this year.



Jeff is currently Vice-President and Director of Medical Product Development at Apollon Formularies plc and was responsible for the production and manufacturing of all of the Apollon products demonstrated to be successful in killing breast and prostate cancer cells in Apollon's preclinical independent testing at BIOENSIS laboratories and currently sold by physician prescription in Jamaica. He was also responsible for manufacturing all of the natural biologics based medical products for the cancer clinical trials.

On February 17, 2023 the Company announced that it has granted incentive stock options to Directors, Officers and Consultants to acquire up to an aggregate of 17,900,000 common shares in the capital stock of the Company. The options vest immediately, are exercisable at a price of \$0.05 per share for a period of five years from the date of the grant. In a subsequent news announcement on February 22, 2023, the options were cancelled.

On March 31, 2023 the Company announced that it has completed the first tranche of a non-brokered private placement pursuant to which it issued an aggregate of 2,600,000 units ("Units") at a price of \$0.01 per Unit to raise aggregate gross proceeds of \$26,000. Each Unit consists of one common share of the Company and one common share purchase warrant (a "Warrant"). Each Warrant entitles the holder thereof to acquire one additional common share of the Company at an exercise price of \$0.05 until March 31, 2026. Proceeds of the Offering will be used for working capital. All securities issued and issuable in connection with the tranche of the Offering are subject to a statutory hold period of four (4) months and one (1) day, expiring on August 1, 2023.

The Company's ongoing operations rely on its ability to raise capital as a going concern. Management is currently working on finding similar financing solutions for its ongoing operations.

Research & Development Division

With an 80+ year moratorium on hemp being removed in many parts of the world, a resurgence of Research and Development for the industrial applications of hemp has begun in earnest. We are now seeing new and innovative products that are utilizing the hurd and fibre of the hemp plant. This will only gain momentum over time as more countries legalize hemp and more people become aware of the properties of hemp.

The R&D Division in Querétaro Mexico continues to be an important component of Company's business model. The R&D team is currently focused on development of patented technology ("IP") that can be widely marketed.

The group is completing work on three initial patents, with the first looking to be filed in the near future. Of the patents being developed, they include a method of increasing bioavailability of natural biologics through controlled

release utilizing nanotechnology, a novel building material utilizing hemp fibre that has been chemically modified to increase its mechanical performance and then combined with rice husks, an important agricultural by-product found worldwide, creating a product that could be used as a replacement for Medium-Density Fibreboard (MDF) in construction. As rice husks are not biodegradable, this is an ideal method for utilizing the waste from the rice industry. And finally, an environmentally friendly procedure to extract CBD and other cannabinoids from hemp utilizing enzymes from natural products. The process has proven to be economical, while leaving no residual chemicals or solvents.

Expansion of R&D Activities

The R&D group continues to explore additional collaborations with both the private sector and local governments for academic and economic partnerships throughout Mexico. They will continue to pursue hemp licensing to grow and process hemp material for direct use by the R&D Division, and development of patentable Intellectual Property.

Subsequent Events

On April 4, 2023 the Company announced that it had completed its contractual obligations relating to the first stage of the binding Letter of Intent (“LOI”) and the Exclusive Licensing Agreement for the patents and Intellectual Property of Apollon Formulaires plc (“Apollon”), by advancing a final payment of US\$150,000.

With the completion of this initial stage of the binding LOI, GHG continues to focus on completing due diligence of the Apollon assets, in order for the Company to determine if it will execute its option to acquire the entirety of the assets, per the binding LOI dated January 9, 2023. Due diligence was originally expected to be completed by April 28, 2023. The Parties continue their due diligence, which the Company now expects to be completed by the end of May. When the due diligence is concluded, GHG will advise Apollon on the final decision of whether the Company will move forward with drafting the definitive Asset Purchase Agreement. Once a decision is reached, an announcement will be forthcoming to the market.

The Company also announced that it has entered into a loan agreement at arm’s length whereby it has received an amount of USD\$150,000 on April 3, 2023. The loan is unsecured, bears interest at a rate of 12.0% per annum and is due on or before July 31, 2023.

Initiative to Produce Affordable, Carbon Negative, Hemp-Based Housing in Quebec

On April 26, 2023 the Company announced that in a continuing effort to expand its ongoing hemp related business endeavours, it has embarked on an initiative to combine hemp-based construction with affordable housing to create carbon negative affordable housing in the Victoriaville area, in Quebec.

The project is founded on GHG’s vision of developing its [Hemp Agro-Industrial Zone \(HAIZ\)](#) which focuses on minimizing transport and carbon emissions in the production of hemp-based housing materials and other hemp related products.

The construction of a six-unit building with hempcrete blocks is the central feature of this initial pilot project and will also introduce several other building innovations. The project will also use cement-free, carbon-negative concrete which uses industrial by-products and captured CO₂ (eg. CarbiCrete products <https://carbicrete.com/technology>) panels to further reduce the carbon footprint of the building. The principal function of the pilot project will be to generate information on the construction process and performance of the

building from thermal, hygrometric, and acoustic perspectives under real life conditions. Strength and fire-retardant properties will also be investigated. This information will be used to seek inclusion in Quebec's building code. In collaboration with Innov Habitat Victo, the newly created affordable housing authority in Victoriaville, Quebec, the project will explore management mechanisms to seek out its target population among low-income seniors, visible minorities and single-mother households, and to find ways to involve them to reduce maintenance costs of the building.

The proposed building will capture at least 20t CO₂e in addition to avoiding 125t CO₂e if a similar building was built with conventional materials, thus transforming affordable housing into a carbon sink.

GHG has assembled a team committed to the concept of durable construction to implement this project; BGA Architectes <https://bga.archi> and HECO Innovation <https://www.heco-innovation.com>.

Background on the Team - Bourassa Gaudreau & Associés Architectes (BGA Architectes) has built its reputation by offering personalized and quality architectural and project management services. They have more than 30 years experience in durable construction, the use of natural or non-polluting materials and energy efficiency in residential, commercial and industrial buildings.

HECO Innovation was founded three years ago by two engineers determined to act and offer construction solutions that are less harmful to the environment and human health. HECO (Hemp Engineering Carbon Zero) is a company that develops innovative solutions for integration of hemp-lime concrete, to make it an ingenious material of first choice in the construction and insulation of residential and commercial buildings. They have been successful in replacing hydraulic lime, the most expensive component in hempcrete binder and a product that cannot be directly sourced in Canada.

In addition to designing its own compounds, HECO specializes in the prefabrication of hemp insulating elements with high thermal mass, thus ensuring better humidity control and significantly improved comfort inside living environments. The varied range of HECO products allows the complete insulation of a new or old building, the elimination of thermal bridges in hard-to-reach places, a level of interior finish adapted to the needs of the customer, and a consulting service complete for the design of a high-performance and ecological envelope.

Having Innov Habitat Victo representatives on the team will prove very helpful as they are familiar with local municipal authorities and are knowledgeable regarding the housing market in the area.

The project will also seek the collaboration of a research team from Université de Sherbrooke's civil engineering department to address the following issues:

- testing of alternate binders in hempcrete to replace hydraulic lime
- seeking an alternative to cement and steel rebars in the concrete structural elements
- monitoring the performance of the materials and of the building once occupied.

Initial Funding for The Project – The project was recently submitted into Canada Mortgage and Housing Corporation's Round 4: Housing Supply Challenge, Building for the Future: Innovative Construction for Housing Affordability. Successful applicants of this stage will be notified by mid-July, will be invited to participate in stage 2 and will receive up to \$150,000 to further the design and prepare a feasibility plan for the project, which is required to be submitted by December 2023. Projects that make it through this final selection will be notified by

March 2024 and will share in the \$37.5 million allocated to the successful applicants.

Hemp Agro-Industrial Zone (HAIZ) - The production of hemp, its processing into building materials and the proximity of a sizeable housing market all within less than 10 km, created conditions that are ideal for the development of a HAIZ in the Victoriaville area. In the earlier versions of the concept, all of the HAIZ activities from farming to housing came under one umbrella, which meant very significant investments in land and land development were required, creating challenges for funding and farm management.

The idea of proximity to farming, right through to processing and housing is central to the HAIZ concept, but having centralized management is not essential, as is being explored in Québec. GHG has ventured into this area, as conditions are suitable for a pilot project given public support for affordable housing, municipal industrial parks competing to offer attractive conditions, a thriving agricultural community and proximity to lime sources to produce hempcrete. Added to this is Québec's commitment to decarbonizing its economy which makes hempcrete housing attractive. This pilot project will guide GHG's future investments in developing a Hemp Agro-Industrial Zone in Québec.

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Selected Quarterly Information

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

	Quarter Ended							
	31-Mar-23	31-Dec-22	30-Sep-22	30-Jun-22	31-Mar-22	31-Dec-21	30-Sep-21	30-Jun-21
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	-	-	-	-	-	-	-	-
Operating (expenses) recovery	(116,549)	(87,832)	746,995	(231,299)	(217,093)	(113,645)	(1,022,953)	(809,871)
Net Income (Loss)	(89,284)	(90,490)	(2,078,946)	(165,418)	(32,456)	110,981	(4,941,479)	(1,778,329)
Loss per share, basic & diluted	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	(0.02)	(0.01)

Results of Operations

Three Months Ended March 31, 2023 (“2023 Q2”) and 2022 (“2022 Q2”)

Loss for 2023 Q2 was \$89,284 (2022 Q2 – Loss of \$143,437). The 2023 Q2 loss was mainly a combined result of having operating income of \$116,549 (2022 Q2 – loss of \$105,392), exchange loss of \$1,427 (2022 Q2 – gain of 54,155), interest and bank charges of \$128,252 (2022 Q2 – \$126,117) and change in fair value of derivative liability resulting gain of \$156,944 (2022 Q2 - \$33,917).

The 2023 Q2 operating expenses (recovery) mainly consist of: advertising and promotion of \$14,448 (2022 Q2 - \$6,564), office and administration of \$486 (2022 Q2 \$21,006), consulting fees of \$25,000 (2022 Q2 - \$1,309), professional fees of \$46,409 (2022 Q2 - \$66,267), salaries and wages of \$3,060 (2022 Q2 - \$nil), trust and filing fees of \$27,416 (2022 Q2 - \$10,146). The operating expenses in 2023 Q2 compared against 2022 Q2 was at about the same level.

Loss from non-operating items were at about the same level in 2023 Q2 versus in 2022 Q2 except for change in fair value of derivative liability which was related to the revaluation of the conversion feature on March 31, 2022 for the 11,006,400 GHG Prefs shares issued on May 14, 2021.

Six Months Ended March 31, 2023 (“2023 Q2 YTD”) and 2022 (“2022 Q2 YTD”)

Loss for 2023 Q2 YTD was \$177,116 (2022 Q2 YTD – Loss of \$32,456). The 2023 Q2 YTD loss was mainly due to the operating losses of \$137,240 (2022 Q2 YTD – \$219,037), the exchange gain of \$31,213 (2022 Q1 YTD – \$78,314), change in fair value of derivative liability of \$180,602 increase in the profit (2022 Q2 YTD - \$357,164), and interest and bank charges of \$251,691 (2022 Q2 YTD – \$250,163).

Main components of operating expense are advertising and promotion fee of \$17,055 (2022 Q2 YTD - \$38,063), professional fee of \$55,379 (2022 Q2 YTD - \$78,800), and trust and filing fee of \$33,294 (2022 Q2 YTD - \$13,061). The decrease in advertising and promotion fee was due to the discontinuation of the marketing campaign which was initiated in 2022 Q1. There were no option or warrant grants nor vesting of options or warrants during 2023 Q2 YTD.

The decrease in the losses from the other items were as follows: 1) the decrease in exchange gain was due to unfavorable foreign exchange effect on Company’s outstanding US dollar denominated liabilities; (2) interest and bank charges remains about the same level in 2023 Q2 YTD and 2022 Q2 YTD; (3) the change in fair value of derivative liability in 2023 Q2 YTD for \$180,602 (2022 Q2 YTD - \$357,164) was related to the revaluation of the conversion feature on March 31, 2022 for the 11,006,400 GHG Prefs shares issued on May 14, 2021.

As at March 31, 2023, the Company had \$3,861 cash (September 30, 2022 - \$66,664), intangible assets of \$464,719 (September 30, 2022 - \$nil), accounts payable and accrued liabilities of \$451,936 (September 30, 2022 - \$399,584), notes payable of \$137,441 (September 30, 2022 - \$nil), and \$10,561,767 in share capital (September 30, 2022 - \$10,235,767).

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 March 31, 2023, the Company had a working capital deficit of \$727,900. Management realizes that the current liquidity and capital on hand is 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 financing 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 a material impact to the Company.

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	358,293,392
Warrants	168,773,781 of which 126,293,781 trade on the CSE: GHG.WT
Stock Options	15,650,000

Off-Balance Sheet Arrangements

The company does not have off-balance sheet arrangements.

Transactions with Related Parties

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers. The remuneration of directors and key management personnel during the six months ended March 31, 2023 and 2022 was as follows:

Key Management Compensation:

Key Management include	Nature of transactions	Six months ended March 31,	
		2023	2022
		\$	\$
President/CEO	Salaries/Consulting fees	3,000	30,000
CFO	Accounting fees	5,000	4,000
Director	Consulting fees	-	\$15,214(US\$12,000)
Director	Legal fees	46,536	12,700
Director	Consulting fees	-	12,450
		54,536	74,274

Included in accounts payable and accrued liabilities, there was \$98,067 (September 30, 2022 - \$44,004) due to directors and officers for unpaid consulting fees and expense reimbursements. These amounts are unsecured, non-interest bearing with no fixed payment terms.

During the six months ended March 31, 2023, the Company incurred salaries of \$3,000 for the service of the President/CEO (2022 - \$30,000). A balance of \$Nil was owed to the CEO as at March 31, 2023 (September 30, 2022 - \$Nil).

During the six months ended March 31, 2023, the Company incurred accounting fee of \$5,000 for the service of the Company's CFO (2022 - \$4,000). A balance accrued for the CFO services of \$7,875 was recorded as at March 31, 2023 (September 30, 2022 - \$2,500).

During the six months ended March 31, 2023, the Company incurred consulting fee of \$Nil (2022 – US\$12,000 or \$15,214) to PSG, an entity controlled by a director of the Company. A balance of \$Nil was owed to the director as at March 31, 2023 (September 30, 2022 - \$Nil). PSG is the holder of GHG Prefs entitled a monthly dividend of US\$9,172. The value of the GHG Prefs and dividend payable held by PSG as at March 31, 2023 is \$2,900,154.

During the six months ended March 31, 2023, the Company incurred legal fees of \$46,536 (2022 - \$3,292) to a law firm controlled by a director of the Company. A balance of \$90,192 was owed to the law firm as at March 31, 2023 (September 30, 2022 - \$41,504).

During the six months ended March 31, 2023, the Company incurred accrued consulting fee of \$Nil (2022 - \$12,450) to an entity controlled by a director of the Company. A balance of \$Nil was owed to the director as at March 31, 2023 (September 30, 2022 - \$Nil).

Financial Instruments and Other Instruments

Refer to Notes 3 to the Company's financial statements for the year ended September 30, 2022.

Changes in Accounting Policies including Initial Adoption

Refer to Notes 3 to the Company's financial statements for the year ended September 30, 2022.

Disclosure For Issuers with Exposure to the U.S. Marijuana Industry

While the Company does not currently distribute or sell cannabis-based products, the Company may, in the future, expand its business to include the distribution and sale of cannabis-based products in the United States. Accordingly, the Company may be considered to be in the process of developing "marijuana-related activities" in the United States, as defined in CSA Staff Notice 51-352 (Revised) – Issuers with US Marijuana-Related Activities (the "CSA Staff Notice").

In the United States, medical cannabis is currently legal in thirty-seven states, Washington D.C. and the territories of Guam and Puerto Rico. Recreational, adult-use cannabis is legal in eleven states and Washington D.C. At the federal level, however, cannabis currently remains a Schedule I drug under the CSA. Under United States federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of accepted safety for the use of the drug under medical supervision. As such, cannabis-related practices or activities, including without limitation, the manufacture, importation, possession, use, or distribution of

cannabis, remain illegal under United States federal law.

In accordance with the CSA Staff Notice, the Company will evaluate, monitor and reassess its disclosure, and any related risks, on an ongoing basis and the same will be supplemented, amended and communicated to investors in public filings, including in the event of government policy changes or the introduction of new or amended guidance, laws or regulations regarding marijuana regulation.

Currently the Company has no revenues are derived from sales of cannabis or CBD-related accessories and ancillary products to customers in the United States. The Company is not aware of any non-compliance in respect of its business activities as they relate to applicable licensing requirements and regulatory frameworks enacted by the U.S. states in which the Company is looking to expand its business to sublicense its exclusive licenses of the Apollon Formularies plc IP.

See below for risk factors relating specifically to the CBD and U.S. cannabis industry.

Risks Factors

General Risk Factors

The occurrence of any of the following risks could harm the Company's business, results of operations, financial condition and/or growth prospects or cause the Company's actual results to differ materially from those contained in forward-looking statements it has made in this report. The risks and uncertainties described in this report are not the only ones the Company may face. Additional risks and uncertainties that the Company is unaware of, or that the Company currently deems not to be material, may also become important factors that affect the Company. If any such risks actually occur, the Company's business, financial condition or results of operations could be materially adversely affected.

New Business

The Company's 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.

The Company is operating at a regulatory frontier.

The hemp and cannabis industries are new industries that may not succeed and are susceptible to constant changes in laws, regulations and guidelines and non-compliance with federal, provincial or state laws and regulations, or the expansion of current or enactment of new laws and regulations, could adversely affect the Company's business.

A segment of the Company's business is related to the licensing of formulations of products for the medical cannabis industry, and changes in such markets may directly affect the Company's business. The medical cannabis industry is subject to various local and federal laws, regulations, guidelines and licensing requirements relating to the manufacture, sale, distribution, management, transportation, storage and disposal of medical cannabis, as well as being subject to laws and regulations relating to health and safety, the conduct of operations and the protection of the environment in Canada, the United States and abroad. As the industry develops and matures, any changes to such laws, regulations, guidelines and policies due to matters beyond the control of the Company could have a

material adverse effect on the Company's business, results of operations and financial condition. In particular, any amendment to or replacement of existing cannabis laws in the jurisdictions where the Company operates may cause adverse effects to the Company's operations.

As well, should the federal government in the U.S. change course and decide to prosecute those dealing in medical cannabis under applicable law, there may not be any market for the Company's products and services in the U.S.

Furthermore, if in the future the Company expands its business to distribute and/or sell products containing cannabis, achievement of the Company's business objectives will depend, in part, upon compliance with regulatory requirements enacted by applicable governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of such products. The Company cannot predict the time required to secure or maintain all appropriate regulatory approvals for such products, or the extent of testing and documentation that may be required by applicable governmental authorities. Any delays in obtaining, or failure to obtain, regulatory approvals would significantly delay the development and/or sale of such products and could have a material adverse effect on the business, financial condition and results of operation of the Company.

The cannabis industry is also subject to extensive controls and regulations in the various jurisdictions where such industry has been legally regulated, and those controls and regulations may also affect the financial condition of market participants. The marketability of cannabis products may be affected by numerous factors beyond the control of the Company, and which cannot be predicted, such as packaging requirements, marketing and advertising restrictions, restrictions as to the product formats that may be used, as well as changes to government regulations, including those relating to taxes and other government levies which may be imposed. Changes in government levies, including taxes, could reduce the Company's earnings and could make future capital investments or the Company's operations uneconomic. The industry is also subject to numerous legal challenges, generally the outcomes of which cannot be reliably predicted, which may significantly affect the financial condition of market participants which could in turn affect the cannabis industry.

There is no assurance that the Company will turn a profit or generate immediate revenues

There can be no assurance that the Company will be profitable, earn revenues, or pay dividends. The Company has incurred and anticipates that it will continue to incur substantial expenses relating to the operations and further development of its business.

The payment and amount of any future dividends will depend on, among other things, the Company's results of operations, cash flow, financial condition, and operating and capital requirements. There is no assurance that future dividends will be paid, and, if dividends are paid, there is no assurance with respect to the amount of any such dividends.

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 may be required to carry out the Company's hemp and cannabis business.

Going Concern Risk

The Company is in the development stage and is currently seeking additional capital, mergers, acquisitions, joint ventures, partnerships and other business arrangements to expand its product offerings in the ancillary cannabis product market and grow its revenue. The Company's ability to continue as a going concern is dependent upon its ability to

grow its revenue and achieve profitable operations while also obtaining the necessary financing to meet its obligations and repay its liabilities when they become due. External financing, predominantly by the issuance of equity and debt, will be sought to finance the operations of the Company; however, there can be no certainty that such funds will be available at terms acceptable to the Company. The risks referred to herein indicate the existence of material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern.

The consolidated financial statements have been prepared on a going concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. The Company's future operations are dependent upon the identification and successful completion of equity or debt or other financing and the achievement of profitable operations. There can be no assurances that the Company will be successful in achieving profitability.

Speculative Nature of Investment

An investment in the Company's common shares carries a high degree of risk, should be considered as a speculative investment by purchasers, and should be undertaken only by purchasers whose financial resources are sufficient to enable them to assume such risks and who have no need for liquidity in their investment. An investment in the securities of the Company should not constitute a major portion of an individual's investments and should only be made by persons who can afford a total loss of their investment. Prospective purchasers should carefully evaluate the risk factors set out in this section associated with an investment in the Company's securities prior to purchasing any of the shares.

The Company's actual financial position and results of operations may differ materially from the expectations of the Company's Management

The Company's actual financial position and results of operations may differ materially from management's expectations. The Company has experienced some changes and delays in its operating plans. As a result, the Company's revenue, net income and cash flow may differ materially from the Company's projected revenue, net income and cash flow. The process for estimating the Company's revenue, net income and cash flow requires the use of judgment in determining the appropriate assumptions and estimates. These estimates and assumptions may be revised as additional information becomes available and as additional analyses are performed. In addition, the assumptions used in planning may not prove to be accurate, and other factors may affect the Company's financial condition or results of operations.

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.

Conflicts of Interest

The Company may be subject to various potential conflicts of interest because of the fact that some of its directors and executive officers may be engaged in a range of business activities. In addition, the Company's directors and executive officers may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to the Company and subject to any contractual restrictions restricting such activities. In some cases, the Company's executive officers and directors may have fiduciary obligations associated with business interests that interfere with their ability to devote time to the Company's business and affairs, which could adversely affect the Company's operations. These business interests could require significant time and attention of the Company's executive officers and directors.

Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws and policies of the Company. For example, a director who has a material interest in a matter before the Board or any committee on which he or she serves is required to disclose such interest as soon as the director becomes aware of it and absent himself or herself from the meeting while discussions and voting with respect to the matter are taking place. In accordance with applicable laws, the directors of the Company are required to act honestly and in good faith with a view to the best interests of the Company.

Intellectual Property Infringement

The Company executed an exclusive licensing agreement covering the licensing of the right to Apollon Formularies plc's Patent Applications and the Technology for the United States, Canada, Mexico, European Union, Israel and Morocco. Third parties may in the future assert, that the Company's exclusive license to the Apollon patents infringe, misappropriate or otherwise violate their intellectual property or other proprietary rights. Such claims may be made by the Company's competitors seeking to obtain a competitive advantage or by other parties. Additionally, non-practicing entities purchasing intellectual property assets for the purpose of making claims of infringement may attempt to extract settlements from the Company.

Any such claims, regardless of merit, that result in litigation could result in substantial expenses, divert the attention of management, cause significant delays in introducing new or enhanced services or technology, materially disrupt the conduct of the Company's business and have a material and adverse effect on the Company's brand, business, financial condition and results of operations. Litigation is inherently uncertain and can cause the Company to expend significant money, time and attention to it, even if the Company is ultimately successful. Any adverse decision could result in a loss of the Company's proprietary rights, subject the Company to significant liabilities, require the Company to seek licenses for alternative technologies from third parties, prevent the Company from offering all or a portion of its products and services and otherwise negatively affect the Company's business and operating results.

Third Parties

The Company anticipates that the growth of its business will depend on third-party relationships, including relationships with manufacturers, distributors, fulfillment and shipping partners, providers of online sales channels and other partners. Identifying, negotiating and documenting relationships with third parties requires significant time and resources as does integrating third-party content and technology. These third parties may choose to terminate their relationships with the Company or to make material changes to their businesses, products or services.

The Company's competitors may be effective in providing incentives to third parties to favor their products or services or to prevent or reduce demand and sales for the Company's products and services. In addition, these third parties may not perform as expected under the Company's agreements, and the Company may in the future have disagreements or disputes with such third parties. If the Company loses access to products or services from a particular supplier or experiences a significant disruption in the supply of products or services from a current supplier, especially a single-source supplier, it could have an adverse effect on the Company's business and operating results.

Estimates of the Addressable Market

Data for retail sales of hemp-based CBD products is limited, and as a result, it is difficult to estimate the size of the market and predict the rate at which the market for the Company's products will grow, if at all. While the Company's market size estimate was made in good faith and is based on assumptions and estimates that the

Company believes to be reasonable, this estimate may not be accurate. If the Company's estimates of the size of its addressable market are not accurate, the Company's potential for future growth may be less than the Company currently anticipates, which could have a material adverse effect on the Company's business, financial condition, and results of operations.

Because the cannabis and CBD industries are in a nascent stage with uncertain boundaries, there is a lack of information about comparable companies available for potential investors to review in deciding about whether to invest in the Company and, few, if any, established companies whose business model the Company can follow or upon whose success the Company can build. Accordingly, investors will have to rely on their own estimates in deciding about whether to invest in the Company. There can be no assurance that the Company's estimates are accurate or that the market size is sufficiently large for its business to grow as projected, which may negatively impact its financial results.

Increased Costs of Being a Public Company

The requirements of being a public company require the Company to incur costs and may strain its resources, divert management's attention and affect its ability to attract and retain qualified board members.

As a public company, the Company has incurred and will continue to incur significant legal, accounting and other expenses. The Company is subject to the reporting requirements which require, among other things, that it file quarterly and annual reports with respect to its business and financial condition. The Company expects the rules and regulations applicable to public companies to continue to increase its legal and financial compliance costs and to make some activities more time-consuming and costly. If these requirements divert the attention of management and personnel from other business concerns, they could have a material adverse effect on the business, financial condition and results of operations. The Company cannot predict or estimate the amount or timing of costs it may incur to respond to these requirements.

Future Financing

The Company requires additional financing to achieve its goals, and a failure to obtain this necessary capital when needed on acceptable terms, or at all, may force it to delay, limit, reduce or terminate its product and service development, and other operations.

The Company may, from time to time, report a working capital deficit. To maintain its activities, the Company may need to seek additional funds through public or private equity or debt financings or other sources, such as strategic collaborations. Such financing may result in dilution to shareholders, imposition of debt covenants and repayment obligations, or other restrictions that may adversely affect the Company's business. In addition, the Company may seek additional capital due to favorable market conditions or strategic considerations even if it believes it has sufficient funds for its current or future operating plans.

There can be no assurance that financing will be available to the Company or, if it is, that it will be available on terms acceptable to the Company and will be sufficient to fund cash needs until the Company achieves positive cash flow. If the Company is unable to obtain the financing necessary to support its operations, it may be unable to continue as a going concern. Failure to obtain additional financing could also result in delay or indefinite postponement of further research and product development.

Risks Related to Ownership of Company Shares

The Company's Common Share price has been, and the Company Shares may continue to be, highly volatile, and you could lose all or part of your investment. The market price of the Company Shares is likely to be highly volatile and could be subject to wide fluctuations in response to many factors discussed in this "Risk Factors" section, including:

- actual or anticipated fluctuations in financial condition and operating results, including fluctuations in quarterly and annual results;
- announcements of innovations by the Company or competitors;

- overall conditions in the industry and the markets in which the Company operates;
- market conditions or trends in the e-commerce industry, technology industry, retail industry, or in the economy as a whole;
- addition or loss of significant customers or other developments with respect to significant customers;
- adverse developments concerning partners or suppliers;
- changes in laws or regulations applicable to the Company’s products and services;
- ability to effectively manage growth;
- ability to effectively research, develop and launch products and services;
- actual or anticipated changes in growth rate relative to competitors;
- announcements by the Company or competitors of significant acquisitions, strategic partnerships, joint ventures or capital commitments;
- additions or departures of key personnel;
- competition from existing products or new products that may emerge;
- competition from existing services or new services that may emerge;
- issuance of new or updated research or reports about the Company or the industry, or positive or negative recommendations or withdrawal of research coverage by securities analysts;
- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Company’s industry;
- failure to meet the estimates and projections of the investment community or that the Company may otherwise provide to the public;
- fluctuations in the valuation of companies perceived by investors to be comparable to the Company;
- disputes or other developments related to proprietary rights, including patents, and the Company’s ability to obtain intellectual property protection for its products;
- litigation or regulatory matters;
- announcement or expectation of additional financing efforts;
- cash position;
- sales of Company Shares by the Company or its shareholders;
- share price and volume fluctuations attributable to inconsistent trading volume levels of the Company Shares;
- changes in accounting practices;
- ineffectiveness of internal controls;
- general economic, market and political conditions; and
- other events or factors, many of which are beyond the Company’s control.

Furthermore, 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, including those fluctuations as a result of the COVID-19 pandemic. Accordingly, the market price of the Company 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 deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in 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 the Company Shares may be materially adversely affected.

Active Trading Market

An active trading market may not be sustained. You may not be able to sell your Company Shares quickly or at a recently reported market price if trading in the Company Shares does not remain active. The lack of an active market may also reduce the fair market value the Company Shares and the liquidity of a shareholder’s investment may be limited. An inactive market may also impair the Company’s ability to raise capital to continue to fund operations by selling Company Shares.

Public Market Sales

Future sales of the Company Shares in the public market could cause the Company Share price to fall. Sales of a substantial number of Company Shares in the public market could occur at any time. These sales, or the perception in the market that the holders of a large number of Company Shares intend to sell Company Shares, could reduce the market price of the Company Shares.

Price Volatility of Publicly Traded Securities

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the Company Shares will be subject to market trends generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings. The value of the Company Shares will be affected by such volatility.

Volatility in the Market Price of the Company Shares

Securities of companies operating in the cannabis industry have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally, currency fluctuations and market perceptions of the attractiveness of particular industries. The price of the Company Shares is also likely to be significantly affected by short-term changes in the industry, by the Company's financial condition or results of operations as reflected in its quarterly price of the Company Shares at any given point in time may not accurately reflect their long-term value.

Consequently, any gains from an investment in the Company Shares will likely depend on whether the price of the Company Shares increases.

Risk Factors Specifically Related to the CBD Industry

Limited Research on the Effect of CBD and Functional Mushrooms

To date, there is limited standardization in the research of the effects of CBD and functional mushrooms (non-psychedelic), and future clinical research studies may lead to conclusions that dispute or conflict with the Company's understanding and belief regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of this type of product. Research in Canada, the United States and internationally regarding the medical benefits, viability, safety, efficacy and dosing of CBD remains in relatively early stages.

Future research and clinical trials may draw opposing conclusions to statements in this report or could reach different or negative conclusions regarding the medical benefits, viability, safety, efficacy, dosing or other facts and perceptions related to CBD, which could adversely affect social acceptance of CBD and the demand for these products when formulations have been licensed by the Company.

Relative Newness of the CBD Industry and Market

The Company will be operating its business in a relatively new industry and market, and the Company's success in the CBD related products market will depend in part on its ability to attract and retain customers through third party licensing. In addition to being subject to general business risks applicable to a business involving an agricultural product and a regulated consumer product, the Company will need to make significant investments in its business strategy. The Company expects that competitors will undertake similar investments to compete with it. Competitive conditions, consumer preferences, customer requirements and spending patterns in this industry and market are relatively unknown and may have unique circumstances that differ from other existing industries

and markets and cause the Company's future efforts to develop its business to be unsuccessful or to have undesired consequences for it. As a result, the Company may not be successful in its efforts to attract customers or to develop new CBD products and produce and license/distribute these CBD products, or these activities may require significantly more resources than it currently anticipates in order to be successful.

CBD Publicity and Consumer Perception

The Company believes that the CBD industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of CBD and related products distributed to such consumers. Consumer perception of the Company's products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of CBD products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the CBD market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Company's products and the business, results of operations, financial condition and cash flows of the Company. The Company's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Company, the demand for the Company's products, and the business, results of operations, financial condition and cash flows of the Company.

Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of CBD and related products in general, or the Company's products specifically, or associating the consumption of CBD or related products with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed. The increased usage of social media and other web-based tools used to generate, publish and discuss user-generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share opinions and views in regard to the Company and its activities, whether true or not. Although the Company believes that it operates in a manner that is respectful to all stakeholders and that it takes care in protecting its image and reputation, it does not ultimately have direct control over how it is perceived by others. Reputational loss may result in decreased investor confidence, increased challenges in developing and maintaining community relations and an impediment to the Company's overall ability to advance its projects, thereby having a material adverse impact on its financial performance, financial condition, cash flows and growth prospects.

Operating at a Regulatory Frontier

The medical and adult use CBD industry is subject to various local and federal laws, regulations, guidelines and licensing requirements relating to the manufacture, sale, distribution, management, transportation, storage and disposal of CBD products, as well as being subject to laws and regulations relating to health and safety, the conduct of operations and the protection of the environment in Canada, the United States and abroad. While the Company is treating the CBD industry as a deregulating industry with significant unsatisfied demand for its proposed products and services and will adjust its future operations, product mix and market strategy as the industry develops and matures, any changes to such laws, regulations, guidelines and policies due to matters beyond the control of the Company could have a material adverse effect on the Company's business, results of operations and financial condition. In particular, any amendment to or replacement of existing CBD laws in the jurisdictions that

the Company operates may cause adverse effects to the Company's operations.

As well, should the federal government in the U.S. change course and decide to prosecute those dealing in medical or adult use CBD under applicable law, there may not be any market for the Company's products and services in the U.S. Although the impact of such changes is uncertain and highly dependent on which specific laws or regulations are changed, the impact on the Company should be comparable to other companies in the same business as the Company.

Furthermore, if in the future the Company expands its business to distribute and/or sell products containing CBD, achievement of the Company's business objectives will depend, in part, upon compliance with regulatory requirements enacted by applicable governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of such products. The Company cannot predict the time required to secure or maintain all appropriate regulatory approvals for such products, or the extent of testing and documentation that may be required by applicable governmental authorities. Any delays in obtaining, or failure to obtain, regulatory approvals would significantly delay the development and/or sale of such products and could have a material adverse effect on the business, financial condition and results of operation of the Company.

Furthermore, if the Company expands its business to distribute and/or sell products containing CBD, the Company can be expected to incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions of operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, financial condition and results of operation of the Company.

The CBD industry is also subject to extensive controls and regulations in the various jurisdictions where such industry has been legally regulated, and those controls and regulations may also affect the financial condition of market participants. The marketability of CBD products may be affected by numerous factors beyond the control of the Company, and which cannot be predicted, such as packaging requirements, marketing and advertising restrictions, restrictions as to the product formats that may be used (i.e., alternative manners of consumption such as edibles or beverages), as well as changes to government regulations, including those relating to taxes and other government levies which may be imposed. Changes in government levies, including taxes, could reduce the Company's earnings and could make future capital investments or the Company's operations uneconomic. The industry is also subject to numerous legal challenges, which may significantly affect the financial condition of market participants which could in turn affect the CBD industry generally the outcomes of which cannot be reliably predicted.

Heightened Scrutiny of CBD Companies

The Company's existing operations in the United States (a non-exclusive license for online eCommerce sales of the Apollon Branded products including both functional mushroom and hemp-based products), and any future operations, may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in the United States and Canada. Although the Company will not sell cannabis or CBD and hemp-derived products directly, given the heightened risk profile associated with cannabis in the United States, the CDS may implement procedures or protocols that would prohibit or significantly impair the ability of CDS to settle trades for companies that have cannabis businesses or assets in the United States.

Risk Factors Specifically Related to the United States' Regulatory System

Cannabis Illegality under United States Federal Law

To the Company's knowledge, some form of cannabis has been legalized in 37 States, the District of Columbia, and the territories of Guam and Puerto Rico. Additional States have pending legislation regarding the same. Although each state in which the Company is currently proposing to operate authorizes, as applicable, medical and/or adult use cannabis production and distribution by licensed or registered entities, and numerous other States have legalized cannabis in some form, under U.S. federal law, the possession, use, cultivation, and transfer of cannabis is illegal, and any such acts are criminal acts under federal law under any and all circumstances under the U.S. Controlled Substances Act. The concepts of "medical cannabis", "retail cannabis", "recreational cannabis" and "adult use cannabis" do not exist under U.S. federal law. Marijuana is a Schedule I drug under the US Controlled Substances Act. Under U.S. federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of safety for the use of the drug under medical supervision. Although the Company believes that its business activities are compliant with applicable state and local laws of the United States, strict compliance with state and local laws with respect to cannabis may neither absolve the Company of liability under United States federal law, nor may it provide a defense to any federal proceeding which may be brought against the Company. Any such proceedings brought against the Company may result in a material adverse effect on the Company. Even where the Company's cannabis-related activities are compliant with applicable state and local law, such activities remain illegal under United States federal law. The enforcement of relevant laws is a significant risk. The CBP enforces the laws of the United States. Crossing the border while in violation of the US Controlled Substances Act and other related United States federal laws may result in denied admission, seizures, fines and apprehension. CBP officers administer the United States Immigration and Nationality Act to determine the admissibility of travelers, who are non-U.S. citizens, into the United States. An investment in the Company, if it became known to CBP, could have an impact on a shareholder's admissibility into the United States and could lead to a lifetime ban on admission.

Violations of any United States federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the United States federal government or private citizens, or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities or divestiture. This could have a material adverse effect on the Company, including its reputation and ability to conduct business, the listing of its securities on the CSE, its financial position, operating results, profitability or liquidity or the market price of its publicly traded shares. In addition, it will be difficult for the Company to estimate the time or resources that would be needed for the investigation of any such matters or its final resolution because, in part, the time and resources that may be needed are dependent on the nature and extent of any information requested by the applicable authorities involved, and such time or resources could be substantial.

Re-classification of Cannabis in the United States

If cannabis, THC or CBD derived from cannabis is re-categorized as a Schedule II or lower controlled substance, the ability to conduct research on the medical benefits of cannabis would most likely be improved; however, rescheduling cannabis, THC or CBD derived from cannabis may materially alter enforcement policies across many federal agencies, primarily the FDA. The FDA is responsible for ensuring public health and safety through regulation of food, drugs, supplements, and cosmetics, among other products, through its enforcement authority pursuant to the FFDCA. The FDA's responsibilities include regulating the ingredients as well as the marketing and labeling of drugs sold in interstate commerce. Because cannabis is federally illegal to produce and sell, and

because it has no federally recognized medical uses, the FDA has historically deferred enforcement related to cannabis to the United States Drug Enforcement Agency; however, the FDA has enforced the FFDCA with regard to industrial hemp-derived products, especially CBD derived from industrial hemp, sold outside of state-regulated cannabis businesses. If cannabis, THC or CBD derived from cannabis were to be rescheduled to a federally controlled, yet legal, substance, the FDA would likely play a more active regulatory role. Further, in the event that the pharmaceutical industry directly competes with state-regulated cannabis businesses for market share, as could potentially occur with rescheduling, the pharmaceutical industry may urge the United States Drug Enforcement Agency, the FDA, and others to enforce the US Controlled Substances Act and FFDCA against businesses that comply with state but not federal law. The potential for multi-agency enforcement post-rescheduling could threaten or have a materially adverse effect on the operations of existing state-legal cannabis businesses, including the Company.

Certain Business Activities Illegal under Federal Law

Although certain states and territories of the U.S. authorize medical or recreational cannabis production and distribution by licensed or registered entities, under U.S. federal law, the possession, use, cultivation, and transfer of cannabis and any related drug paraphernalia is illegal, and any such acts are criminal acts under federal law under any and all circumstances under the US Controlled Substances Act. An investor's contribution to and involvement in such activities may result in federal civil and/or criminal prosecution, including forfeiture of his, her or its entire investment.

Since the possession and use of cannabis and any related drug paraphernalia is illegal under U.S. federal law, the Company may be deemed to be aiding and abetting illegal activities through the contracts it has entered into and the products that it intends to provide. The Company does not distribute or sell cannabis-related accessories and ancillary products, but may, in the future (depending on, among other things, market opportunity and local regulatory requirements), license product formulations IP that contain cannabis. As a result, U.S. law enforcement authorities, in their attempt to regulate the illegal use of cannabis, may seek to bring an action or actions against the Company, including, but not limited, a claim regarding the Company's possession, use and sale of cannabis, and aiding and abetting another's criminal activities. The Federal aiding and abetting statute provides that anyone who "commits an offense against the United States or aids, abets, counsels, commands, induces or procures its commission, is punishable as a principal." As a result of such an action, the Company may be forced to cease operations and its investors could lose their entire investment. Such an action would have a material negative effect on the Company's business and operations.

With the Cole Memorandum rescinded, as confirmed by the Sessions Memorandum, U.S. federal prosecutors have been given greater discretion in determining whether to prosecute cannabis related violations of U.S. federal law. If the DOJ policy under former Attorney General Jeff Sessions was to aggressively pursue financiers or equity owners of cannabis-related business, and United States Attorneys followed such DOJ policies through pursuing prosecutions, then the Company could face (i) seizure of its cash and other assets used to support or derived from its cannabis subsidiaries; and (ii) the arrest of its employees, directors, officers, managers and investors, and charges of ancillary criminal violations of the US Controlled Substances Act for aiding and abetting and conspiring to violate the US Controlled Substances Act by virtue of providing financial support to cannabis companies that service or provide goods to state-licensed or permitted cultivators, processors, distributors, and/or retailers of cannabis, and/or (iii) barring employees, directors, officers, managers and investors who are not U.S. citizens from entry into the United States for life.

Federal law pre-empts state law in these circumstances, so that the federal government can assert criminal violations of federal law despite contrary state law. The level of prosecutions of state-legal cannabis operations is entirely unknown, nonetheless the stated position of the current administration is hostile to legal cannabis, and furthermore may be changed at any time by the DOJ, to become even more aggressive. If the DOJ policy was to aggressively pursue financiers or equity owners of cannabis-related business, and United States Attorneys followed such DOJ policies through pursuing prosecutions, then the Company could face (i) seizure of its cash and other assets used to support or derived from its cannabis subsidiaries, (ii) the arrest of its employees, directors, officers, managers and investors, and charges of ancillary criminal violations of the US Controlled Substances Act for aiding and abetting and conspiring to violate the US Controlled Substances Act by virtue of providing financial support to cannabis companies that service or provide goods to state-licensed or permitted cultivators, processors, distributors, and/or retailers of cannabis.

Additionally, there can be no assurance as to the position any new administration may take on cannabis and a new administration could decide to enforce the federal laws strongly. Any enforcement of current federal laws could cause significant financial damage to the Company and its shareholders. Further, future presidential administrations may want to treat cannabis differently and potentially enforce the federal laws more aggressively.

Violations of any federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the federal government or private citizens, or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities or divestiture. This could have a material adverse effect on the Company, including its reputation and ability to conduct business, its holding (directly or indirectly) of cannabis licenses in the United States, the listing of its securities on various stock exchanges, its financial position, operating results, profitability or liquidity or the market price of its Company Shares. In addition, it is difficult to estimate the time or resources that would be needed for the investigation of any such matters or its final resolution because, in part, the time and resources that may be needed are dependent on the nature and extent of any information requested by the applicable authorities involved, and such time or resources could be substantial.

Legality of Cannabis Could be Reversed

The voters or legislatures of states in which cannabis has been legalized could potentially repeal applicable laws which permit both the operation of medical cannabis and CBD businesses. These actions may cause the Company to cease some or all of the Company's business.

Demand May Decline

State laws that allow cannabis consumers to cultivate cannabis, may result in a reduction in the demand for cannabis, cannabis products and cannabis accessories. Many states that allow medical cannabis or adult use allow the citizens of those states to cultivate cannabis. It is possible that large-scale adoption of home cannabis production, and the home production of cannabis products based on home cannabis production, could have substantial effects on cannabis prices and cannabis product prices, which could have material adverse financial consequences for the future performance of the Company in connection with the Company's business.

Travel Bans and Entry Bans for Investors, Directors and Officers

Recent media articles have reported that certain Canadian citizens have been rejected for entry into the United States, due to their involvement in the CBD sector.

Because cannabis remains illegal under United States federal law, those employed at or investing in legal and licensed Canadian CBD companies could face detention, denial of entry or lifetime bans from the United States (in respect of non-U.S. citizens) for their business associations with CBD businesses. Entry to the United States happens at the sole discretion of CBP officers on duty, and these officers have wide latitude to ask questions to determine the admissibility of a foreign national.

United States Forfeiture Laws

As an entity that conducts business in the CBD industry, the Company will be potentially subject to United States federal and state forfeiture laws (criminal and civil) that permit the government to seize the proceeds of criminal activity. Civil forfeiture laws could provide an alternative for the federal government or any state (or local police force) that wants to discourage residents from conducting transactions with CBD-related businesses but believes criminal liability is too difficult to prove beyond a reasonable doubt. Also, an individual can be required to forfeit property considered to be from proceeds of crime even if the individual is not convicted of the crime, and the standard of proof in a civil forfeiture matter is lower than the burden in a criminal matter. Depending on the applicable law, whether federal or state, rather than having to establish liability beyond a reasonable doubt, the federal government or the state, as applicable, may be required to prove that the money or property at issue is proceeds of a crime only by either clear and convincing evidence or a mere preponderance of the evidence.

Shareholders of the Company located in states where cannabis remains illegal may be at risk of prosecution under federal and/or state conspiracy, aiding and abetting, and money laundering statutes, and be at further risk of losing their investments or proceeds under forfeiture statutes. Many states remain fully able to take action to prevent the proceeds of cannabis businesses from entering their state. Because state legalization is relatively new, it remains to be seen whether these states would take such action and whether a court would approve it. Shareholders and prospective shareholders of the Company should be aware of these potentially relevant federal and state laws in considering whether to invest in the Company.

Financial Institutions and the Cannabis Industry

The Company will be subject to a variety of laws and regulations domestically and in the U.S. that involve money laundering, financial recordkeeping and proceeds of crime, including the Bank Secrecy Act, as amended by Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act), the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada), as amended and the rules and regulations thereunder, the Criminal Code (Canada) and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the U.S. and Canada. Since the cultivation, manufacture, distribution and sale of cannabis remains illegal under the US Controlled Substances Act, banks and other financial institutions providing services to cannabis-related businesses risk violation of federal anti-money laundering statutes (18 U.S.C. §§ 1956 and 1957), the unlicensed money-remitter statute (18 U.S.C. § 1960) and the Bank Secrecy Act, among other applicable federal statutes. Banks or other financial institutions that provide cannabis businesses with financial services such as a checking account or credit card in violation of the Bank Secrecy Act could be criminally prosecuted for willful violations of money laundering statutes, in addition to being subject to other criminal, civil, and regulatory enforcement actions. Banks often refuse to provide banking services to businesses involved in the cannabis industry due to the present state of the laws and regulations governing financial institutions in the U.S. The lack of banking and financial services presents unique and significant challenges to businesses in the cannabis industry. The potential lack of a secure place in which to deposit and store cash, the inability to pay creditors through the issuance of checks and the inability to secure traditional forms of operational financing, such as lines of credit, are some of

the many challenges presented by the unavailability of traditional banking and financial services. These statutes can impose criminal liability for engaging in certain financial and monetary transactions with the proceeds of a “specified unlawful activity” such as distributing controlled substances which are illegal under federal law, including cannabis, and for failing to identify or report financial transactions that involve the proceeds of cannabis-related violations of the US Controlled Substances Act. The Company may also be exposed to the foregoing risks.

In February 2014, FinCEN issued the FinCEN Memorandum providing instructions to banks seeking to provide services to cannabis-related businesses. The FinCEN Memo states that in some circumstances, it is permissible for banks to provide services to cannabis-related businesses without risking prosecution for violation of the Bank Secrecy Act. It refers to supplementary guidance that former Deputy Attorney General James M. Cole issued to federal prosecutors relating to the prosecution of money laundering offenses predicated on cannabis-related violations of the US Controlled Substances Act. Although the FinCEN Memo remains in effect today, it is unclear at this time whether the current administration will follow the guidelines of the FinCEN Memo. Overall, the DOJ continues to have the right and power to prosecute crimes committed by banks and financial institutions, such as money laundering and violations of the Bank Secrecy Act, that occur in any state, including in states that have legalized the applicable conduct and the DOJ’s current enforcement priorities could change for any number of reasons. A change in the DOJ’s enforcement priorities could result in the DOJ prosecuting banks and financial institutions for crimes that previously were not prosecuted. If the Company does not have access to a U.S. banking system, its business and operations could be adversely affected.

Other potential violations of federal law resulting from cannabis-related activities include the RICO. RICO is a federal statute providing criminal penalties in addition to a civil cause of action for acts performed as part of an ongoing criminal organization. Under RICO, it is unlawful for any person who has received income derived from a pattern of racketeering activity (which includes most felonious violations of the US Controlled Substances Act), to use or invest any of that income in the acquisition of any interest, or the establishment or operation of, any enterprise which is engaged in interstate commerce. RICO also authorizes private parties whose properties or businesses are harmed by such patterns of racketeering activity to initiate a civil action against the individuals involved. Although RICO suits against the cannabis industry are rare, a few cannabis businesses have been subject to a civil RICO action. Defending such a case has proven extremely costly, and potentially fatal to a business’ operations.

In the event that any of the Company’s operations, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such operations in the United States were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above or any other applicable legislation. This could restrict or otherwise jeopardize the Company’s ability to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada, and subject the Company to civil and/or criminal penalties. Furthermore, in the event that a determination was made that the Company’s proceeds from operations (or any future operations or investments in the United States) could reasonably be shown to constitute proceeds of crime, the Company may decide or be required to suspend declaring or paying dividends without advance notice and for an indefinite period of time. The Company could likewise be required to suspend or cease operations entirely.

Cannabis Contract Enforceability

Because the Company’s contracts involve cannabis and other activities that are not legal under U.S. federal law and in some jurisdictions, the Company may face difficulties in enforcing its contracts in U.S. federal and certain

state courts. The inability to enforce any of the Company's contracts could have a material adverse effect on the Company's business, operating results, financial condition or prospects.

Accessing Bank and Credit Card Payment Services

The FinCEN Memorandum was issued in February 2014, in respect of financial institutions providing banking services to cannabis business, including burdensome due diligence expectations and reporting requirements. This guidance does not provide any safe harbors or legal defenses from examination or regulatory or criminal enforcement actions by the DOJ, FinCEN or other federal regulators. Thus, most banks and other financial institutions do not appear to be comfortable providing banking services to cannabis-related businesses, or relying on this guidance, which can be amended or revoked at any time by the government. In addition to the foregoing, banks may refuse to process debit card payments and credit card companies generally refuse to process credit card payments for cannabis-related businesses. As a result, the Company may have limited or no access to banking or other financial services in the U.S. and may have to operate the Company's U.S. business on an all-cash basis. The inability or limitation in the Company's ability to open or maintain bank accounts, obtain other banking services and/or accept credit card and debit card payments, may make it difficult for the Company to operate and conduct its business as planned. The Company is actively pursuing alternatives that ensure its operations will continue to be compliant with the FinCEN Memorandum and existing disclosures around cash management and reporting to the IRS.

The parties with which the Company does business may perceive that they are exposed to reputational risk as a result of the Company's medical cannabis business activities. While the Company has other banking relationships and believes that the services can be procured from other institutions, the Company may in the future have difficulty establishing or maintaining bank accounts or other business relationships. Failure to establish or maintain business relationships could have a material adverse effect on the Company.

In addition, there is a risk that the Company's merchant accounts through which payments are made by the Company's customers for its cannabis-related accessories and ancillary products (e.g., VISA, MasterCard or American Express) may be frozen or shut down which would be outside the control of the Company. Many financial institutions in the U.S. are unwilling to take deposits, issue credit cards, open bank accounts, or assist with payroll services for cannabis businesses. Given that the Company's business is based on ecommerce products and services, the processing of electronic payments is critical to the Company's business. The Company addresses these issues by continually monitoring merchant accounts and identifying new providers of similar services. However, even if the Company takes adequate protective measures, no assurance can be provided that the Company's accounts will not be shut down and any funds on deposit or payments owing may not be recoverable. Any interruption, freeze or shutting down of the Company's merchant accounts would have a material adverse effect on the Company's business, financial condition and results of operations.

Tax Liabilities in the Cannabis Industry

Under Section 280E of the U.S. Tax Code no deduction or credit shall be allowed for any amount paid or incurred during the taxable year in carrying on any trade or business if such trade or business (or the activities which comprise such trade or business) consists of trafficking in controlled substances (within the meaning of schedule I and II of the US Controlled Substances Act) which is prohibited by federal law or the law of any state in which such trade or business is conducted." This provision has been applied by the IRS to cannabis operations, prohibiting them from deducting expenses directly associated with the sale of cannabis. Section 280E therefore has a significant impact on the retail side of cannabis, but a lesser impact on cultivation and manufacturing

operations or operations associated with the delivery or development of cannabis ancillary products. A result of Section 280E is that an otherwise profitable business may, in fact, operate at a loss, after taking into account its U.S. income tax expenses.

Entities with which the Company does business, including entities owned, controlled or managed by the Company, may from time to time be disputing and in litigation with the IRS related to an IRS determination that certain expenses of cannabis businesses are not permitted tax deductions under Section 280E. Although the status of a service provider is unclear with respect to Section 280E it is possible that the Company could be found to have significant tax liabilities that may become due and payable if the IRS. The Company may not have sufficient reserves to satisfy any possible future judgments. A judgement therefore, would likely result in material adverse effects to the Company's business operations and financial condition.

Access to United States Bankruptcy Protections

Because cannabis is a Schedule I substance under the US Controlled Substances Act, many courts have denied cannabis businesses federal bankruptcy protections, making it difficult for lenders to be made whole on their investments in the cannabis industry in the event of a bankruptcy. If the Company were to experience a bankruptcy, there is no guarantee that United States federal bankruptcy protections would be available to the Company, which would have a material adverse effect.

Regulatory Scrutiny of the Company's Interests in the United States

For the reasons set forth above, the Company's interests in the United States market for cannabis and cannabis ancillary products may become the subject of heightened scrutiny by regulators, stock exchanges, clearing agencies and other authorities in Canada. As a result, the Company may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Company's ability to carry on its business in the United States.

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

Stephen Barnhill Jr.	Director, President & CEO
Veronique Laberge	Director
Dr. Paul Perrault	Director
Aurelio Useche	Director
Curt Huber	Director

Rachel Lu	CFO
Michel Lebeuf	Secretary