CITY VIEW GREEN HOLDINGS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

Introduction

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of City View Green Holdings Inc. ("City View" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the years ended December 31, 2022 and 2021. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited annual financial statements of the Company for the years ended December 31, 2022 and 2021, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results for the years ended December 31, 2022 and 2021 are not necessarily indicative of the results that may be expected for any future period. Information contained herein is presented as at May 1, 2023 unless otherwise indicated.

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of City View's common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Caution Regarding Forward-Looking Statements

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement.

Forward-looking statements	Assumptions	Risk factors
For twelve-month period ending December 31, 2023, the Company will be able to continue its business activities.	The Company has anticipated all material costs; the operating activities of the Company for the twelve-month period ending December 31, 2023, and the costs associated therewith, will be consistent with City View's current expectations.	Unforeseen costs to the Company will arise; any particular operating costs increase or decrease from the date of the estimation; changes in economic conditions.
Management's outlook regarding future trends.	Financing will be available for City View's operating activities.	Changes in debt and equity markets; interest rate and exchange rate fluctuations; changes in economic and political conditions.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond City View's ability to predict or control. Please also make reference to those risk factors referenced in the "Risks and Uncertainties" section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause City View's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Description of Business

The Company was incorporated pursuant to the Canada Business Corporations Act on February 5, 2008. The Company continued into British Columbia from the jurisdiction of Canada, under the BCBCA, on February 18, 2011. On February 27, 2019, the Company completed a reverse take-over business combination with 2590672 Ontario Inc. wherein the Company acquired 100% of the issued and outstanding common shares of 2590672 Ontario Inc. and began trading on the Canadian Securities Exchange ("Exchange") under the symbol "CVGR". The Company's registered office is located at 1173 Dundas Street East, Suite 132, Toronto, Ontario, M4M 3P1.

On April 30, 2021, the Company received the cannabis processing license from Health Canada. The processing license allows the Company to produce cannabis edibles and related products and to conduct development activities, including the formulation of proprietary cannabis infused edibles.

On April 21, 2022, the Company also received its cannabis research licence under Health Canada. This licence permits the Company to conduct controlled human sensory (taste) trials of cannabis infused products. Activities granted include, 1) to possess cannabis for the purpose of research, and 2) to produce cannabis for the purpose of research. As an essential part of new product development, taste tests will lead the Company to bring to market high quality edibles that are reflective of market trends and consumer preference.

City View is a leading consumer packaged goods company focused on the development of cannabis-infused edibles. With the receipt of its Cannabis Act processing licence on April 30, 2021 through its wholly owned subsidiary, City View will incorporate cannabis-infused food production at its Brantford, Ontario high-capacity facility. In addition, City View owns a 27.5% stake in Budd Hutt Inc. ("Budd Hutt"), a retail-focused cannabis company with access to cannabis cultivation and production licences in Alberta and other retail opportunities across Canada. Through its relationship with Budd Hutt, the Company anticipates securing shelf space, product placement, and distribution opportunities for our white label partner products. For more information visit: www.cityviewgreen.ca or www.buddhutt.com.

Operational Highlights

On March 10, 2022, the Company and Infusion Works Inc. ("Infusion") agreed to a settlement (the "Settlement") to terminate the asset purchase transaction (the "Asset Purchase Transaction"). In conjunction with the termination, Mr. Karl Wirtz resigned as a director of the Company.

Under the terms of the Settlement, the parties agreed:

- Infusion will continue to provide its expertise to the Company and its subsidiaries;
- Infusion will provide contract manufacturing services for Pawsperity and Therasnax pet snacks;
- Infusion will no longer have the right to appoint a nominee to the Company's board;
- The Company will not issue to Infusion the Third Tranche consideration shares previously required under the Asset Purchase Transaction;
- Of the consideration shares previously issued to Infusion under the Asset Purchase Transaction, 8,542,222 shares held in escrow will be released quarterly over the next 3 years based on the value of services Infusion contributes to the Company;
- Infusion will transfer certain intellectual property relating Pawsperity and Therasnax pet snacks;
- Any profits associated with Pawsperity and Therasnax pet snacks will be for the sole benefit of the Company; and
- Infusion will transfer the Panacea trademark and related intellectual properties to the Company.

On March 16, 2022, the Company granted 500,000 stock options to a consultant of the Company exercisable at $0.10 per common share. The options vest immediately and expire in 3 years.

On March 17, 2022, the Company closed a non-brokered private placement, pursuant to which it issued an aggregate of 9,600,000 units for aggregate gross proceeds of $480,000. Each unit is comprised of one common share of the Company and one share purchase warrant. Each warrant entitles the holder to purchase one common shares of the Company at a price of $0.10 per share for a period of 2 years from the closing date, subject to acceleration from and after the date that is fourth months and one day after the closing date, if the closing price of the Company's common shares on the CSE is equal to or exceeds $0.11 for 5 consecutive trading days, at which time the Company may accelerate the expiry date of the warrants to the date that is 30 following the date on which the Company issues notice to all the warrant holders of the new expiry date.

On March 17, 2022, the Company also issued 1,261,784 common shares to certain creditors of the Company to settle an aggregate debt of $88,325.

In April 2022, the Company announced that its line of Pawsperity™ hemp formulated dog treats will be carried by PETVALU, Canada's largest pet specialty retailer.

On May 2, 2022, the Company issued 3,250,000 share purchase warrants to a consultant in partial consideration for consulting advisory services. The warrants expire on December 31, 2022 and are each exercisable for one common share of the Company at a price of $0.10 per share.

On May 2, 2022, the Company issued a promissory note in the amount of $200,000. The note bears interest of 10% per annum and is due on May 2, 2024.

On June 20, 2022, the Company issued a promissory note in the amount of $100,000. The note bears interest of 0.005833% per month on the outstanding principal, less any payment towards principal in any given month, and shall accrue and be payable on December 31, 2022. The promissory note was fully repaid. As a security for the obligations, the Company provided a general security agreement to the lender. The Company will also 750,000 warrants of the Company. Each warrant will be exercisable for one common share of the Company at a price of $0.10 per share for a period of 2 years.

From August 4 to September 2, 2022, the Company commenced a warrant exercise incentive program intended to encourage the exercise of up to 36,573,689 outstanding share purchase warrants issued in certain previous private placements of the Company at a reduced price of $0.015 per common share, in lieu of their original exercise prices. As a result, 26,980,571 warrants were exercised for gross proceeds of $404,709.

Trends

Due to the worldwide COVID-19 outbreak, material uncertainties may come into existence that could influence management's going concern assumption. Management cannot accurately predict the future impact COVID-19 may have on:

- The severity and the length of potential measures taken by governments to manage the
- spread of the virus, and their effect on labour availability and supply lines;
- Availability of essential supplies, such as water and electricity;
- Purchasing power of the Canadian dollar; or
- Ability to obtain funding

The Canadian government has not introduced measures which impede the activities of the Company. Management believes the business will continue and accordingly, the current situation bears no impact on management's going concern assumption. However, it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

Apart from these and the risk factors noted under the heading "Risks and Uncertainties", the Company is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or results of operations.

Selected Annual Financial Information

	Year Ended December 31, 2022 ($)	Year Ended December 31, 2021 ($)	Year Ended December 31, 2020 ($)
Net loss and comprehensive loss for the year	(2,416,017)	(4,623,325)	(5,612,287)
Basic and diluted loss per share	(0.01)	(0.02)	(0.03)
Total assets	1,693,903	5,096,376	7,687,301

Selected Quarterly Financial Information

A summary of selected information for the most recent quarter is as follows:

Three Months Ended	Total Revenue ($)	Income (Loss) Total ($)	Income (Loss) Per Share ($)	Total Assets ($)
December 31, 2022	-	(528,944)	(0.00)	1,693,903
September 30, 2022	-	(662,746)	(0.00)	4,721,806
June 30, 2022	-	(668,560)	(0.00)	4,855,492
March 31, 2022	-	(555,767)	(0.00)	4,847,986
December 31, 2021	-	(2,758,209)	(0.01)	5,096,376
September 30, 2021	-	(669,381)	(0.00)	7,750,324
June 30, 2021	-	(674,304)	(0.00)	7,696,190
March 31, 2021	-	(521,431)	(0.00)	7,810,192

Discussion of Operations

Three Months Ended December 31, 2022 Compared to Three Months Ended December 31, 2021

The Company's net loss totaled $528,944 for the three months ended December 31, 2022 with basic and diluted loss per share of $0.00, compared to net loss of $2,758,209 for the three months ended December 31, 2021, with basic and diluted loss per share of $0.01. The decrease in net loss was mainly due to the following:

- The Company had $92,167 of revenue for the three months ended December 31, 2022 (2021 - $nil).
- Consulting decreased to $126,870 for the three months ended December 31, 2022 (2021 - $327,266) as the Company hired less consultants during the current period.
- Rent decreased to $70,341 for the three months ended December 31, 2022 (2021 - $166,932) as the Company moved out of the Brantford facility during the current period.
- Share-based compensation decreased to $nil for the three months ended December 31, 2022 (2021 - $163,800). Share-based compensation will vary depending on the value of stock options or warrants issued during the period.
- Depreciation and amortization decreased to $134,628 for the three months ended December 31, 2022 (2021 - $331,687) as the Company moved out of the Brantford facility during the current period.
- Interest on lease liabilities decreased to $nil for the three months ended December 31, 2022 (2021 - $96,918) as the Company moved out of the Brantford facility during the current period.
- Loss on lease termination increased to $27,349 for the three months ended December 31, 2022 (2021 - $nil) as the Company moved out of the Brantford facility during the current period.
- Impairment loss from investment in associate decreased to $nil for the three months ended December 31, 2022 (2021 - $1,093,130) as the Company assessed an impairment loss on its investment in Budd Hutt during 2021.
- Impairment of intangible assets and goodwill decreased to $nil for the three months ended December 31, 2022 (2021 - $382,360) as the Company's asset purchase transaction was terminated during 2021.

Year Ended December 31, 2022 Compared to Year Ended December 31, 2021

The Company's net loss totaled $2,416,017 for the year ended December 31, 2022 with basic and diluted loss per share of $0.01, compared to net loss of $4,623,325 for the year ended December 31, 2021, with basic and diluted loss per share of $0.02. The decrease in net loss was mainly due to the following:

- The Company had $267,448 of revenue for the year ended December 31, 2022 (2021 - $nil).
- Professional fees increased to $232,538 for the year ended December 31, 2022 (2021 – $96,158) due to increased audit and legal fees.
- Rent decreased to $90,360 for the year ended December 31, 2022 (2021 - $227,112) as the Company moved out of the Brantford facility during the current period.
- Share-based compensation decreased to $38,900 for the year ended December 31, 2022 (2021 - $231,800). Share-based compensation will vary depending on the value of stock options or warrants issued during the period.
- Supplies increased to $205,063 for the year ended December 31, 2022 (2021 - $nil) as Company began production of its Pawsperity and Therasnax pet snacks during the current year.
- Depreciation and amortization decreased to $773,810 for the year ended December 31, 2022 (2021 - $989,342) as the Company moved out of the Brantford facility during the current period.
- Interest on lease liabilities decreased to $283,493 for the year ended December 31, 2022 (2021 - $394,405) as the Company moved out of the Brantford facility during the current period.

- Loss on lease termination increased to $27,349 for the year ended December 31, 2022 (2021 - $nil) as the Company moved out of the Brantford facility during the current period.
- Impairment loss from investment in associate decreased to $nil for the year ended December 31, 2022 (2021 - $1,093,130) as the Company assessed an impairment loss on its investment in Budd Hutt during 2021.
- Impairment of intangible assets and goodwill decreased to $nil for the year ended December 31, 2022 (2021 - $382,360) as the Company's asset purchase transaction was terminated during 2021.

Liquidity and Financial Position

The activities of the Company have been financed through the completion of equity transactions such as equity offerings and the exercise of stock options and warrants. There is no assurance that equity capital will be available to the Company in the amounts or at the times desired or on terms that are acceptable to the Company, if at all.

Cash Flows

At December 31, 2022, the Company had bank overdraft of $494. The decrease in cash and cash equivalents from the December 31, 2021 cash and cash equivalents balance of $42,655 was as a result of cash outflow in operating activities of $819,045 and cash outflow in investing activities of $183,453, partially offset by cash inflow from financing activities of $959,349.

Operating activities were affected by adjustments of depreciation and amortization of $773,810, share-based compensation of $38,900, accrued interest of $31,398, interest expense on lease liabilities of $283,493, accretion of $13,166, loss on lease termination of $27,349, gain on debt settlement of $66,904, and net change in non-cash working capital balances of $495,760 due to changes in amounts receivable and prepaid rent and deposit, and accounts payable and accrued liabilities.

Investing activities included purchase of plant and equipment for $183,453.

Financing activities included proceeds from issuance of units of $205,000, proceeds from warrants exercised of $404,709, proceeds from promissory notes payable of $330,000, proceeds from loan payable of $400,000, advances from related parties of $45,000, shares to be issued of $180,434, and bank overdraft of $494, partially offset by repayment of promissory note payable of $100,000, advances to a related party of $106,932 and lease payments of $398,862.

Liquidity and Financial Position

As at December 31, 2022, the Company had a working capital deficiency of $ $2,262,519 (December 31, 2021 – working capital deficiency of $1,603,855). The Company also incurred a net loss of $2,416,017 during the year ended December, 2022 and has yet to achieve profitable operations thereby accumulating a deficit of $41,654,811 (December 31, 2021 - $39,238,794). These continuing losses cast significant doubt about the Company's ability to continue as a going concern. Accordingly, the Company will need to raise additional capital through equity issuance and other available means in order to continue funding its operations. The outcome of these matters cannot be predicted at this time.

Related Party Transactions

Related parties include key management being the Company's executive officers, the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. The following related party transactions were conducted in the normal course of operations and were made on an arm's length basis:

	Year Ended December 31, 2022 $	Year Ended December 31, 2021 $
Consulting	245,000	231,250
Professional fees	56,918	50,171
Share-based compensation	Nil	83,692
	301,918	**365,113**

As at December 31, 2022, $547,524 (December 31, 2021 - $269,469) included in accounts payable and accrued liabilities was payable to key management personnel.

During the year ended December 31, 2022, the directors of the Company subscribed for an aggregate of 2,000,000 units for gross proceeds of $100,000 (year ended December 31, 2021 - an aggregate of 5,069,643 units for gross proceeds of $346,000).

Off-Balance-Sheet Arrangements

As of the date of this MD&A, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

Proposed Transactions

Other than the transactions described in "Subsequent Events" section, there are no proposed transactions of a material nature being considered by the Company. The Company continues to evaluate properties and corporate entities that it may acquire in the future.

Subsequent Events

On February 17, 2023, the Company closed the first tranche of a non-brokered private placement, pursuant to which it issued 21,666,668 common shares at $0.015 per share for aggregate gross proceeds of $325,000. A director of the Company subscribed for 3,333,334 shares for $50,000.

On March 21, 2023, the Company close the second and final tranche of its non-brokered private placement, pursuant to which it issued 3,166,667 common shares at $0.015 per share for aggregate gross proceeds of $47,500. A director of the Company subscribed for 1,500,000 shares for $22,500.

Disclosure of Internal Controls

Management has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the financial statements; and (ii) the financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP (IFRS).

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer 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.

Capital Risk Management

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and financial markets in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, or adjusting spending. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

The Company considers its capital structure to consist of share capital, shares to be issued, contributed surplus, and deficit, which at December 31, 2022 totaled a deficit of $1,413,129 (December 31, 2021 – surplus of $77,565). The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. Selected information is provided to the Board of Directors of the Company. The Company is not subject to any capital requirements imposed by a lending institution.

Financial Risk Management

The Company's financial risk exposures and the impact on the Company's financial instruments are as follows:

Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company is exposed to credit risk primarily associated with cash and cash equivalents, amounts receivable, and promissory note receivable, and due from related parties. The carrying value of the financial assets represents the maximum credit exposure. The risk for cash and cash equivalents is mitigated by holding these instruments with highly rated Canadian financial institutions. Amounts receivable primarily consist of trade receivables from sale of goods and sales tax recoverable from the Canada Revenue Agency. The Company undertakes credit evaluations on counter parties as necessary and has monitoring processes intended to mitigate credit risks.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2022, the Company has a working capital deficiency of $2,262,519 (December 31, 2021 - working capital deficiency of $1,603,855). The Company had a cash balance of $nil (December 31, 2021 - $42,655) to settle current financial liabilities of $2,893,717 (December 31, 2021 - $2,177,200).

In order to meet the Company's anticipated working capital requirements, it will be required to attract additional funds through the issue of debt, equity or other business means to further the development of the Company's products and to provide sufficient working capital. The Company monitors its working capital position and makes changes or reductions in expenditures to help sustain sufficient liquidity to meet liabilities on a timely basis.

The following table summarizes the maturity profile of all the Company's financial liabilities based on a contractual basis at December 31, 2022 and 2021.

December 31, 2022	Less than 1 year $	1-5 years $	5+ years $	Total $
Accounts payable and accrued liabilities	1,868,703	Nil	Nil	1,868,703
Promissory notes payable	324,390	240,055	Nil	564,445
Loans payable	719,616	Nil	Nil	719,616
Due to related parties	65,000	Nil	Nil	65,000
	2,977,709	**240,055**	**Nil**	**3,217,764**

December 31, 2021	Less than 1 year $	1-5 years $	5+ years $	Total $
Accounts payable and accrued liabilities	1,530,856	Nil	Nil	1,530,856
Promissory notes payable	236,329	Nil	Nil	236,246
Loans payable	263,370	40,000	Nil	303,370
Lease liabilities	531,818	2,451,597	1,844,590	4,828,005
Due to related parties	20,000	Nil	Nil	20,000
	2,582,373	**2,491,597**	**1,844,590**	**6,918,560**

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and equity prices.

Interest rate risk

The Company's primary interest rate risk consists of interest rate fluctuations, which may affect the Company's interest-bearing debts and lease obligations. The Company does not currently use derivative instruments to limit interest rate risks. The majority of the Company's interest-bearing financial instruments are subject to fixed interest rates. As a result, the Company is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates and considers interest rate risk insignificant.

Foreign currency risk

The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The operating results and financial position of the Company are reported in Canadian dollars. The Company's operations are in Canada. The Company considers this risk to be minimal.

Fair Value

The carrying amount of each financial instrument approximates their fair value because of the short-term maturities of these items.

Risks and Uncertainties

Commercial medical cannabis production is a new industry in Canada and relies on obtaining and maintaining regulatory approvals. As a result, there is a high degree of risk. There is a significant risk that the expenditures made by the Company in developing its medical cannabis business will not result in profitable operations.

The Company's financial condition, results of operation and business are subject to certain risks, certain of which are described below (and elsewhere in this MD&A):

Regulatory Risks

The Company operates in a new industry which is highly regulated and is a market which is very competitive and evolving rapidly. Sometimes new risks emerge and management may not be able to predict all of them, or be able to predict how they may cause actual results to be different from those contained in any forward-looking statements.

The Company will 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 our operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

The industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond the Company's control and which cannot be predicted, such 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 and which cannot be reliably predicted.

Operating History

The Company has a very limited history of operations, is in the early stage of obtaining the ACMPR license and must be considered a start-up Company. As such, the Company is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations.

Reliance on Single Facility

To date, the Company's activities and resources have been primarily focused on its Brampton, Ontario facility. The Company expects to continue the focus on this facility for the foreseeable future. Adverse changes or developments affecting the existing facility could have a material and adverse effect on the Company's ability to continue producing medical cannabis, its business, financial condition and prospects.

Commodity Price Risks

Cannabis is a developing market, likely subject to volatile and possibly declining prices year over year, as a result of increased competition. Because medical cannabis is a newly commercialized and regulated industry, historical price data is either not available or not predictive of future price levels. There may be downward pressure on the average price for medical cannabis and has arranged its proposed business accordingly, however, there can be no assurance that price volatility will be favorable to the Company. Pricing will depend on general factors including, but not limited to, the number of licenses granted by Health Canada and the supply such licensees are able to generate, the number of patients who gain physician approval to purchase medical cannabis. An adverse change in the cannabis prices, or in investors' beliefs about trends in those prices, could have a material adverse outcome on the Company and its securities.

Reliance of Management

The success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management. While employment agreements and incentive programs are customarily used as primary methods of retaining the services of key employees, these agreements and incentive programs cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results or financial condition.

Risks Inherent in an Agriculture Business

The Company's business involves the growing of medical cannabis, which is an agricultural product. As such, the business is subject to the risks inherent in the agricultural business, such as pests, plant diseases and similar agricultural risks.

Competition

While the cannabis industry is new, there is potential that the Company will face intense competition from other companies, some of which can be expected to have more financial resources, industry, manufacturing and market experience that the Company. As a result of the increased competition, the Company's future revenues, operations and financial condition could be materially adversely affected.

Additional Capital

Entering the ACMPR regulated medical cannabis marketplace requires substantial outlay of capital. The Company currently generates no operating revenues; therefore, for the foreseeable future, it will be dependent raising capital through a combination of debt and/or equity offerings. There can be no assurance that the capital markets will remain favourable in the future, and/or that the Company will be able to raise the financing needed to continue its business at favorable terms, or at all. Restrictions on the Company's ability to finance could have a material adverse outcome on the Company and its securities.

Dividend Policy

No dividends on the Common Shares have been paid by the Company to date. Payment of any future dividends will be at the discretion of the Company's board of directors after taking into account many factors, including the Company's operating results, financial condition and current and anticipated cash needs.

Dilution to Common Shares

The issue of common shares of the Company upon the exercise of the options and warrants will dilute the ownership interest of the Company's current shareholders. The Company may also issue additional options and warrants or additional common shares from time to time in the future. If it does so, the ownership interest and voting power of the Company's then current shareholders could also be diluted.

Future Sales of Common Shares by Existing Shareholders

Sales of a large number of common shares in the public markets, or the potential for such sales, could decrease the trading price of the common shares and could impair the Company's ability to raise capital through future sales of common shares. The Company has previously issued common shares and accordingly, a significant number of shareholders of the Company have an investment profit in the Common Shares that they may seek to liquidate.

Additional Information

Additional information regarding the Company is available on SEDAR at **www.sedar.com**.