**LEVIATHAN CANNABIS GROUP INC.**

**MANAGEMENT DISCUSSION & ANALYSIS**

**FOR THE SIX MONTHS ENDED FEBRUARY 2019**

Leviathan Cannabis Group Inc. (the “Company” or “Leviathan”) is a publicly traded company, incorporated and domiciled in Canada. The Company’s registered office is located at Suite 116, 250 The Esplanade, Toronto, Ontario M5H 4J6. Leviathan’s common shares are traded on the Canadian Securities Exchange under the symbol “EPIC”.

The following Management Discussion and Analysis provides a review of the financial condition and disclosures of the operations for Leviathan for the six months ended February 28, 2019 (the “MD&A”). This MD&A should be read in conjunction with the Company’s unaudited consolidated financial statements and relevant notes for the six months ended February 29, 2019. The financial information presented in this MD&A is derived from the Financial Statements.

This MD&A contains certain information regarding the Company that may constitute forward-looking statements within the meaning of applicable securities laws. Forward-looking statements may include estimates, plans, expectations, opinions, forecasts, projections, guidance or other statements that are not statements of fact. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to be correct. The Company cautions that actual performance will be affected by a number of factors, many of which are beyond the Company’s control, and that future events and results may vary substantially from what the Company currently foresees. There can be no assurance that such information will prove to be accurate and readers are cautioned not to place undue reliance on such forward-looking information. The forward-looking statements contained in this document speak only as of the date of this document; in addition, the Company expressly disclaims any obligation to publicly update or alter its previously issued forward-looking information.

In this document and in the Company’s unaudited consolidated financial statements, unless otherwise noted, all financial data is prepared in accordance with International Financial Reporting Standards (“IFRS”). All amounts, unless specifically identified as otherwise, both in the unaudited consolidated financial statements and in the MD&A, are expressed in Canadian dollars.

The discussion and analysis in this MD&A is based on information available to management as of April 26, 2019.

**NATURE OF BUSINESS**

Leviathan Cannabis Group Inc. (the "**Company**" or "**Leviathan Cannabis**") (formerly Morgan Resources Corp) is a Canadian cannabis company. The Company’s portfolio comprises of Jekyll + Hyde Brand Builders Inc. (“**Jekyll + Hyde”**), a cannabis-focused marketing services agency and Woodstock Biomed Inc. (“**Woodstock**”), a late stage applicant under the ACMPR (Access to Cannabis for Medical Purposes Regulations).

Jekyll + Hyde provides a full range of brand, design and marketing services to Leviathan Cannabis and its operating subsidiaries as well as emerging cannabis companies in Canada, the United States and Europe.

Woodstock is planning to retrofit its 29.5-acre hybrid greenhouse facility in Pelham, Ontario, subject to obtaining an exception from interim control by-law imposed by the Town of Pelham. Once completed, it will serve as the Company’s cornerstone for cannabis cultivation operations in Canada.

## BUSINESS STRATEGY

Leviathan's core business strategy is to create a diverse, product focused, vertically integrated company that serves medical and recreational cannabis markets globally.

The Company intends on executing a series of strategic acquisitions that extend across various vertical markets in Canada and international markets to support the Company's proprietary brand strategy.

The Company is focused on becoming a leading domestic and international medical and recreational cannabis enterprise and is directing its efforts to creating a proprietary portfolio of cannabis brands that will leverage the Company's expertise. By building a presence in cannabis markets in Canadian and international markets the Company expects to generate a sustained and suitable rate of return on equity for current and prospective investors.

In the near term, the Company intends to continue investing in the retrofit of its state-of-the-art cannabis cultivation facility in Pelham, Ontario. The objective is to produce high-yield, pharma-grade and competitively priced cannabis within predictable and dependable timelines.

Concurrent with the build out, Leviathan is also investing in its internal operations, by hiring additional skilled personnel to supplement operations, infrastructure development, and corporate governance.

## CORPORATE OVERVIEW

The Company was originally incorporated as Gideon Capital Corp. pursuant to the provisions of the Business Corporations Act (Ontario) on June 15, 2011 and was classified as a capital pool company as defined in Policy 2.4 of TSX Venture Exchange Inc. ("TSX-V").

On December 31, 2013, the Company, 2396933 Ontario Inc., a wholly-owned subsidiary of the Company ("2396933 OntCo") and Bathurst Resources Corp. ("Bathurst") completed a three-cornered amalgamation whereby Bathurst amalgamated with 2396933 OntCo and the Company issued one common share for each common share of Bathurst outstanding ("Amalgamation"). The Amalgamation constituted the Company's Qualifying Transaction for the purposes of Policy 2.4 of the TSX Venture Exchange Corporate Finance Manual. Upon completion of the Amalgamation, the Company changed its name from Gideon Capital Corp. to Morgan Resources Corp.

From 2013 to 2016, the Company, as Morgan Resources Corp., was a mining exploration company with an option on certain volcanic-hosted massive sulphide properties in the Province of New Brunswick known as the Gloucester Project.

On October 12, 2017, the Company executed an agreement for a business combination with Jekyll & Hyde Brand Builders Inc. ("**Jekyll + Hyde**") a private Ontario corporation. Jekyll + Hyde was incorporated in Ontario on August 30, 2017. Jekyll + Hyde is a cannabis focused, marketing services agency focused solely on the cannabis sector.

On December 22, 2017, the Company completed the acquisition of Jekyll & Hyde after the Company delisted from the NEX Board of the TSX Venture Exchange. The Company then initiated a three-cornered amalgamation of Jekyll + Hyde Brand Builders, Morgan Resources and a wholly owned subsidiary of Morgan Resources. Under the terms of the acquisition, the Company issued 12,166,667 common shares to the shareholders of Jekyll + Hyde.

On January 23, 2018, the Company commenced trading on the Canadian Securities Exchange under the ticker symbol CSE: JH

On March 28, 2018, the Company amended its articles to change its name to Leviathan Cannabis Group Inc. and shares began trading under the new name and symbol CSE: EPIC on April 15, 2018.

On June 18, 2018, the Company agreed to acquire Woodstock Biomed Inc. Woodstock is a late stage ACMPR applicant that has received its Confirmation of Readiness from Health Canada's Office of Medical Cannabis. Woodstock owns a prime greenhouse production facility in Pelham, Ontario. This 29.5-acre property (the "**Property**") is intended to serve as the Company's cornerstone for cannabis cultivation operations in Canada. Once the retrofit is completed, the cultivation facility is expected to produce high-yield, pharma-grade, and competitively priced cannabis. The total cost of the acquisition was contracted at $15,750,000, paid by $750,000 in cash and 30,000,000 common shares valued at $0.50 per common shares. 10 million of the common shares issued as consideration are to be held in escrow and released if Woodstock has obtained its license to produce cannabis under the ACMPR within a specified time frame.

On July 3, 2018, the Company announced its intention to acquire all of the issued shares of Pulse Rx Inc., also carrying on business under the business name Pulse Rx LTC Pharmacy ("Pulse Rx" or the "Transaction"), a boutique-style pharmacy providing specialized services to nursing and retirement homes. On September 2018, the Company advanced Pulse Rx an amount of $50,000 in a form of a Promissory Note. In January 2019, as a result of the due diligence process, the Company decided to not pursue the transaction and terminated the Letter of Intent. The Promissory Note is now repayable to the Company; however, no funds have been repaid.

On July 23, 2018 the Company entered into an Agreement to purchase Fountain Wellbeing, a Cooperative Corporation situated in North Hollywood Los Angeles California for $7,500.000. The Company paid a deposit of $225,000 USD held in escrow by United Escrow Company in order to complete its due diligence on the transaction. Upon completion of due diligence, the Company decided to terminate the agreement without penalty on August 2, 2018. The Company notified United Escrow Company of the cancellation on August 2, 2018 and incurred an immaterial cancellation fee of $500.00 USD. The funds were received from United Escrow Company on September 11, 2018 through our Solicitors Trust account and deposited in to the Company’s USD bank account October 4, 2018.

On October 15, 2018 the Company announced that the Pelham Town Council passed an interim control bylaw (the “by-law”). The by-law, fueled by concerns of local residents over light and odour pollution stemming from first generation cannabis facilities in the region, placed a one-year moratorium on new cannabis builds and any expansions of cannabis related facilities. Leviathan submitted its interim cannabis by-law exemption application to the Town of Pelham on December 11, 2018 and presented its case to the Planning Department and Town Council at a public meeting on February 25, 2019. On March 20, 2019, Leviathan completed the process of responding to comments and concerns received from residents of Pelham and the Niagara Region, and additional questions from the Planning Department. The Town Council of Pelham addressed Leviathan’s application for an exemption to its interim cannabis by-law on April 15, 2019. While the Council had several avenues or options on this matter, it chose to defer the decision to its legal counsel. No timeline has been provided for this latest delay.

On January 17, 2019, the Company announced it had entered into a letter of intent to acquire all the issued and outstanding shares of MariGrow Inc. ("MariGrow"), a late stage ACMPR applicant. On February 6, 2019, the Company terminated the letter of intent.

On March 20, 2019, the Company appointed Jayne Beckwith and Luvlina Sanghera as officers of the Company. Ms. Beckwith takes on the role of Chief Communications Officer and Ms. Sanghera takes on the responsibility of Chief Marketing Officer. Both are members of the core group that founded Leviathan. Ms. Beckwith has 25 years of experience in a broad range of industries. As a trusted advisor to executive teams both nationally and internationally, she has spearheaded strategic planning, research, brand development, design and communications programs. Before Leviathan, she served as an executive with an international branding firm and was a Co-founder/Principal of a branding and communications agency. Ms. Sanghera is a former Founder/CEO of a branding agency in which she combined her unique creativity, strategic thinking and operational skills. Prior to the creation of her own company, Ms. Sanghera served at the executive level with an international manufacturer that distributed its product worldwide. Ms. Sanghera has also worked extensively in the North American cannabis market as an experienced and highly valued consultant. On February 22, 2019, the Company appointed Martin Doane as interim Chief Financial Officer. On April 25, Jayne Beckwith replaced Martin Doane as interim Chief Financial Officer and Luvlina Sanghera was appointment Corporate Secretary to the Company.

## RESULTS OF OPERATIONS

### Overview of Operations

The operations for the six months ended February 28, 2019 primarily consisted of operations from Jekyll + Hyde. and the acquisition and build out of Woodstock.

## RESULTS OF OPERATIONS

### For the six months ended February 28, 2019

Revenue for the six months ended February 28, 2019 was $79,503 relating to Jekyll + Hyde consulting services. During fiscal 2018, the officers of Jekyll + Hyde became officers of the Company and or were heavily involved with the acquisition and operations of Woodstock. The Company anticipates similar revenue from the Jekyll + Hyde operations in 2019.

Expenditures during the six months ended February 28, 2019 totaled $2,154,027 (February 28, 2019 – $158,217). These expenditures included:

- Professional fees of $263,793 (Feb 2018 – $65,658). Because of the acquisition of Jekyll + Hyde and Woodstock, the company incurred significant professional fees consistent with management's expectations. Depending on the activities of the Company in fiscal 2019, similar professional fees may be incurred.
- Construction expenses of $101,095 (Feb 2018 - $Nil) due to expenses related to the Woodstock buildout.
- Consulting fees of $612,658 (Feb 2018 - $Nil) paid to the Company's executive management team and various consultants who provided advisory services related to the operational activities of the Company. The Company anticipated these costs and is forecasting similar expenses in the coming quarters of 2019.
- Salaries and wages of $304,445 (Feb 2018 - $56,600). The Company anticipates similar expenditures in the coming quarters due to operations of Woodstock.

- Office and general expenses of $59,026 (Feb 2018 - $24,598). With the acquisition of Jekyll + Hyde and Woodstock which resulted in expanded activities of the Company, office and general expenses rose accordingly. These expenses are expected to remain consistent with the coming quarters in 2019.
- Marketing expenses totaled $45,836 (Feb 2018 - $Nil). The Company anticipates similar expenditures in the coming quarters of 2019.
- Listing, promotions and shareholder relations totaled $84,152 (Feb 2018 - $Nil) associated with marketing its new acquisitions and capital funding activities. It is anticipated that these expenses will decrease in the first half of 2019 but see a slight increase in the second half as the Company begins to market and sell its cannabis products.
- Stock based compensation totaled $374,178 (Feb 2018 – $Nil) due to the vesting and issuance of options issued during the period. The Company anticipates similar stock based compensation in the coming quarters of 2019.
- Rent expense totaled $36,361 (Feb 2018 - $Nil). The Company anticipates similar rent expenses in the coming quarters of 2019.
- Interest expense totaled $196,883 (Feb 2018 - $Nil). Interest expenses will be similar in the coming quarters of 019 as the Company acquired debt upon its acquisition of Woodstock.

Net loss for the period was $2,074,524 (Feb 2018 – ($155,730)) or a loss of $0.02 per share (Feb 28 2018 - ($0.00)).

**Summary of Quarterly Financial Information**

| **For the three months ended** | **$<br>28 Feb 19** | **$<br>30 Nov 18** | **$<br>31 Aug 18** | **$<br>31 May 18** |
|---|---|---|---|---|
| **Revenues** | 22,403 | 57,100 | 57,655 | 22,124 |
| **Expenses** | 1,054,086 | 1,099,942 | 29,888,081 | 2,036,135 |
| **Net loss for the period** | (1,031,682) | (1,042,842) | (29,830,426) | (2,014,011) |
| **Basic & diluted loss per share** | (0.01) | (0.01) | (0.59) | (0.04) |

| **For the three months ended** | **$<br>28 Feb 18** | **$<br>30 Nov 17** | **$<br>31 Aug 17** | **$<br>31 May 17** |
|---|---|---|---|---|
| **Revenues** | 2,487 | - | - | - |
| **Expenses** | 131,262 | 26,955 | 14,797 | 10,650 |
| **Net loss for the period** | (128,775) | (26,955) | (14,797) | (10,650) |
| **Basic & diluted loss per share** | (0.00) | (0.00) | (0.00) | (0.00) |

**For the three months ended February 28, 2019**

Revenue for the three months ended February 28, 2019 was $22,403 relating to Jekyll + Hyde consulting services. During fiscal 2018, the officers of Jekyll + Hyde became officers of the Company and or were heavily involved with the acquisition and operations of Woodstock. The Company anticipates similar revenue from the Jekyll + Hyde operations in 2019.

Expenditures during the three months ended February 28, 2019 totaled $1,054,086 (February 28, 2019 – $131,262). These expenditures included:

- Professional fees of $164,767 (Feb 2018 – $43,158). Because of the acquisition of Jekyll +

Hyde and Woodstock, the company incurred significant professional fees consistent with management's expectations. Depending on the activities of the Company in fiscal 2019, similar professional fees may be incurred.

- Construction expenses of $101,095 (Feb 2018 - $Nil) due to expenses related to the Woodstock buildout.
- Consulting fees of $349,167 (Feb 2018 - $Nil) paid to the Company's executive management team and various consultants who provided advisory services related to the operational activities of the Company. The Company anticipated these costs and is forecasting similar expenses in the coming quarters of 2019.
- Salaries and wages of $135,096 (Feb 2018 - $56,600). The Company anticipates similar expenditures in the coming quarters due to operations of Woodstock.
- Office and general expenses of $11,404 (Feb 2018 - $20,143). With the acquisition of Jekyll + Hyde and Woodstock which resulted in expanded activities of the Company, office and general expenses rose accordingly. These expenses are expected to remain consistent with the coming quarters in 2019.
- Marketing expenses totaled $5,069 (Feb 2018 - $Nil). The Company anticipates similar expenditures in the coming quarters of 2019.
- Listing, promotions and shareholder relations totaled $13,475 (Feb 2018 - $Nil) associated with marketing its new acquisitions and capital funding activities. It is anticipated that these expenses will decrease in the first half of 2019 but see a slight increase in the second half as the Company begins to market and sell its cannabis products.
- Stock based compensation totaled $116,670 (Feb 2018 – $Nil) due to the vesting and issuance of options issued during the period. The Company anticipates similar stock based compensation in the coming quarters of 2019.
- Rent expense totaled $11,824 (Feb 2018 - $Nil). The Company anticipates similar rent expenses in the coming quarters of 2019.
- Interest expense totaled $80,271 (Feb 2018 - $Nil). Interest expenses will be similar in the coming quarters of 2019 as the Company acquired debt upon its acquisition of Woodstock.

Net loss for the period was $1,031,682 (Feb 2018 – ($128,775)) or a loss of $0.01 per share (Feb 28 2018 - ($0.00)).

**TRENDS AND OTHER INFORMATION**

The Company has limited financial resources and there are no assurances that additional funding will be available for working capital unless the Company is successful in its efforts to complete its financing objectives.

**LIQUIDITY AND CAPITAL RESOURCES**

The Company had a working capital surplus of approximately $2,331,117 as at February 28, 2019 including cash of $2,761,140.

**OFF BALANCE SHEET ARRANGEMENTS**

The Company has not entered into any off-balance sheet arrangements.

**PROPOSED TRANSACTIONS**

Aside from what has been disclosed above, the Company has arranged to enter into a Construction Loan Agreement which at the time of preparation of this report was not an executed arrangement, however, the transaction is considered to be of a material nature.

**SUBSEQUENT EVENTS**

None.

**SHARE CAPITAL**

The Company is authorized to issue an unlimited number of common shares.

| SHARE CAPITAL OUTSTANDING | Aug 31, 2018 | Feb 28, 2019 | Apr 26, 2019 |
|---|---|---|---|
| Shares | 90,771,601 | 94,743,603 | 94,743,603 |
| Options (a) | 9,200,000 | 7,009,360 | 7,009,360 |
| Warrants (b) | 15,000,000 | 15,000,000 | 15,000,000 |
| | | | |
| (a) | | | |
| $0.60 options expiring May 17, 2021 | 4,950,000 | 4,600,000 | 4,600,000 |
| $2.00 options expiring June 19, 2021 | 3,000,000 | 1,359,360 | 1,359,360 |
| $1.50 options expiring July 20, 2020 | 500,000 | - | - |
| $1.53 options expiring July 25, 2020 | 150,000 | 150,000 | 150,000 |
| $1.50 options expiring August 8, 2020 | 600,000 | 300,000 | 300,000 |
| $1.50 options expiring November 8, 2020 | - | 600,000 | 600,000 |
| Total | 9,200,000 | 7,009,360 | 7,009,360 |

(b) Each warrant is exercisable at $1.00 per share until July 9, 2020. The Company may require the holders of Warrants, upon 15 days' notice, to exercise their right to purchase Common Shares at any time after 120 days from July 9, 2018, if the Common Shares close at or above $1.50 per Common Share for 20 consecutive trading days.

**LOSS PER SHARE**

The calculation of basic and diluted loss per share for the six months ended February 28, 2019 was based on the loss attributable to common shareholders of $2,074,524 (Feb 28, 2018 – ($155,730)) and the weighted average number of common shares outstanding of 94,619,835 (Feb 28, 2018 – 41,997,839). Diluted loss per share did not include the effect of 7,009,360 stock options for the six months ended February 28, 2019 (February 28, 2018 – 1,950,000) and 15,000,000 warrants for the six months ended February 28, 2019 (February 28, 2018 – nil) as they are anti-dilutive.

**RELATED PARTY TRANSACTIONS**

During the six months ended February 28, 2019 the Company entered into transactions and had outstanding balances with various related parties. The details of the related party transactions are summarized as follows:

**Related Party Transactions**

The remuneration expense of directors and other members of key management personnel, or companies under their control, during the period was:

| Six months ended February 28 | **2019** | **2018** |
|---|---|---|
| Salaries, consulting and benefits | 276,808 | 58,000 |
| Stock based compensation | 168,900 | - |
| | 445,708 | 58,000 |

**I Feel Good Cannabis Company Ltd.**

The Company approved a Promissory Note to I Feel Good Cannabis Company Ltd. (the "IFG"). The Promissory Note was issued in the amount of $98,013 at a 12% interest per annum entered into on November 23, 2018 with an expectation of principal and interest to be paid by December 20, 2018. A director and officer of the Company are also directors of IFG, in total three executive management team members are related to IFG. The Company advanced funds to provide working capital funding to IFG. On January 24, 2019 this note was full paid and retired.

**RISKS AND UNCERTAINTIES**

Risks arising from financial instruments and risk management:

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange and interest rate risks), credit risk and liquidity risk. The Company identifies, evaluates and, where appropriate, mitigates financial risks. The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The audit committee of the board is responsible to review the Company's risk management policies.

**Market Risk**

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings or financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

**Foreign exchange risk**

The Company operates primarily within Canada although a portion of its expenses are incurred in other countries primarily the United States dollars ("**US dollar**"). Foreign exchange risk arises because the cost of transactions denominated in foreign currencies may vary due to changes in exchange rates. The Company has not entered into foreign exchange derivative contracts. A significant change in the currency exchange rates between the Canadian dollar relative to the US dollar would not have a significant effect on the Company's results of operations, financial position or cash flows.

**Interest Rate Risk**

The Company is subject to interest rate risk on its cash and cash equivalents and long term debt. The Company believes that interest rate risk is low as the Company does not hold any term deposits and interest earned on cash equivalents is variable.

**Credit Risk**

Credit risk is the risk of financial loss to the Company if a counter party to a financial instrument fails to meet its contractual obligations and arises principally from the Company's accounts receivable. The carrying amount of financial assets represents the maximum credit exposure. The Company believes there is insignificant credit risk associated with its accounts receivable based on the nature of the counterparties.

Financial instruments that potentially expose the Company to significant concentrations of credit risk consist principally of cash. The Company has investment policies to mitigate against the deterioration of principal and to enhance the Company's ability to meet its liquidity needs.

**Liquidity and Funding Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due and to fund future operations. The Company manages its liquidity risk by forecasting its cash needs on a regular basis and seeking additional financing based on those forecasts.

Funding risk is the risk that market conditions will impact the Company's ability to raise capital through equity markets under acceptable terms and conditions. The Company manages its funding risk by forecasting its cash needs on a regular basis and continuously monitoring the stock price and other market conditions.

**Capital management**

The Company's objectives when managing capital are:

To safeguard the Company's ability to continue as a going concern in order to pursue the development of its products and to maintain a flexible capital structure which optimizes the cost of capital at an acceptable level; and to provide an adequate return to shareholders commensurate with the level of risk associated with an early stage company.

The capital structure of the Company consists of cash, long term debt and equity comprising, issued capital, contributed surplus, warrants, and stock options.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues, granting of stock options, the issuance of debt or by undertaking other activities as deemed appropriate under the specific circumstances. The Company is not subject to externally imposed capital requirements. In order to maximize ongoing research and development of its products, the Company does not pay out dividends.

**Other Risks and Uncertainty**

The Company operates in a highly competitive environment that involves significant risks and uncertainties, some of which are outside of the Company's control, which could have a material adverse effect upon the Company, its business and future prospects. Investors should carefully consider the risks and uncertainties described below. The risks and uncertainties described below are not exhaustive. There may be risks and uncertainties not presently known to the Company or that the Company believes to be immaterial which could adversely affect the Company and its business in the future.

**Risks Related to the Company's Financial Condition**

The Company has mainly relied on equity and debt financing to support operations and will continue to need significant amounts of additional capital. The Company intends to raise additional financing, as required, through research, partnering and licensing arrangements, the exercise of warrants and options, and through equity and/or debt financing. However, there can be no assurance that these financing efforts will be successful or that the Company will continue to be able to meet ongoing cash requirements. It is possible that financing will not be available or, if available, may not be on favourable terms. The Company may fail to obtain additional financing and be unable to fund operations and commercialize its product candidates. The availability of financing will be affected by the results of scientific and clinical research, the Company's ability to attain regulatory approvals, the market acceptance of the Company's products, the state of the capital markets generally (with particular reference to pharmaceutical, biotechnology and medical companies), the status of strategic alliance agreements, and other relevant commercial considerations. Any future equity financing could result in significant dilution to existing shareholders.

**Risks Related to the Company's Business and Operations**

**Regulatory**

Changes to government policies and the current regulatory framework is outside of the Company's control, and hence the Company is subject to any changes in the framework that may cause the Company to adjust its operations or cut into the Company's profit margins.

**Limited Operating History**

The Company's subsidiary Jekyll + Hyde commenced operations on August 31, 2017 and Woodstock currently does not have operations, and as such is an early stage business and subject to the risks any early stage business faces. The Company has incurred operating losses since commencing operations. The success, among other things, is dependent on profitability of operations, ability to raise funds when necessary in a timely manner, and senior management's ability to execute on its strategy. The Company may incur losses in the future and may not achieve profitability.

**Reliance on Management**

The Company is reliant on senior management's ability to execute on its strategy. This exposes the Company to management's ability to perform, and as well the risk of management leaving the Company. To mitigate this risk, the Company has implemented incentive plans for all members of the senior management team.

**Risks Relating to the Cannabis Industry Change in Law, Regulations and Guidelines**

Operations in Cannabis are subject to a variety of laws, regulations and guidelines relating to marketing, acquisition, manufacture, management, transportation, storage, sale and disposal of medical marijuana but also laws and regulations relating to health and safety, the conduct of operations and the protection of the environment. Changes to such laws, regulations and guidelines may cause adverse effects to the Company's operations. On February 24, 2016, the Federal Court released its decision in the case of Allard et al v. Canada, declaring that the MMPR, as it was drafted, was unconstitutional in violation of the plaintiffs' rights under section 7 of the Charter of Rights and Freedoms. On August 24, 2016, the ACMPR came into force, replacing the MMPR as the regulations governing Canada's medical cannabis regime which permits patients to produce a limited amount of cannabis for their own medical purposes or to designate a person to produce a limited amount of cannabis. On October 17, 2018, Canada introduced a new national cannabis reporting and tracking system launched concurrently with the coming into force of the Cannabis Act. The Cannabis Tracking and Licensing System (CTLS) applies to public and private parties that are authorized to sell cannabis under provincial legislation, as well as to holders of federally issued licences for cultivation, processing and sale for medical or non-medical purposes. The CTLS could potentially decrease the size of the market for the Company's business, and potentially materially and adversely affect the Company's business, its results of operations and financial condition.

**Regulatory Risk**

Achievement of the Company's business objectives are contingent, in part, upon compliance with the regulatory requirements, including those imposed by Health Canada, enacted by these government authorities and obtaining all regulatory approvals, where necessary, for the sale of its products. The Company cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by government authorities. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the Company's business, results of operation and financial condition.

**Unfavourable Publicity or Consumer Perception**

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

**Competition**

The market for the medical and non-medical marijuana products does appear to be sizeable and Health Canada has only issued a limited number of licenses under the ACMPR and the new CTLS to produce and sell medical and non-medical marijuana. As a result, the Company expects significant competition from other companies due to the recent nature of the CTLS regime. A large number of companies appear to be applying for production licenses, some of which may have significantly greater financial, technical, marketing and other resources, may be able to devote greater resources to the development, promotion, sale and support of their products and services, and may have more extensive customer bases and broader customer relationships. Should the size of the marijuana market increase as projected the demand for products will increase as well, and in order for the Company to be competitive it will need to invest significantly in research and development, marketing, production expansion, new client identification, and client support. If the Company is not successful in achieving sufficient resources to invest in these areas, the Company's ability to compete in the market may be adversely affected, which could materially and adversely affect the Company's business, its financial conditions and operations.

**Risks Relating to the Company's Common Shares**

The Company has not paid any cash dividends on its common shares and, for the foreseeable future, the Company does not intend to pay any cash dividends on its common shares and therefore its shareholders may not be able to receive a return on their shares unless they sell them. The policy of the Board of Directors of the Company is to retain all available funds in operations. The Board of Directors may reassess this policy from time to time. Any decision to pay dividends on the common shares of Leviathan Cannabis will be made by the Board of Directors based on the assessment of, among other factors, earnings, capital requirements and the operating and financial condition of the Company.

The market price and trading volume of the Company's common shares have been volatile, and may continue to be volatile in the future. Variations in earnings estimates by securities analysts and the market prices of the securities of competitors may also lead to fluctuations in the trading price of the common shares. In addition, the financial markets may experience significant price and volume fluctuations that affect the market price of the Company's common shares that are not related to the Company's operating performance. Broad market fluctuation and economic conditions generally, and in the medical device sector specifically, may adversely affect the market price of the Company's common shares.

The significant costs that the Company will incur as a result of being a public company in Canada could adversely affect its business.

## ADDITIONAL INFORMATION

(1) Additional information may be found on SEDAR at www.sedar.com;
(2) Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities authorized for issuance under equity compensation plans will be included in the information circular for the Company's next annual meeting of security holders;
(3) Additional information relating to the Company can be requested by calling Martin J. Doane, CEO, Leviathan Cannabis Group Inc. at 416.903.6691 or Jayne Beckwith, Chief Communications Officer, Leviathan Cannabis Group Inc. at 416. 806.0591.