

LEVIATHAN CANNABIS GROUP INC.
MANAGEMENT DISCUSSION & ANALYSIS
FOR THE NINE MONTHS ENDED MAY 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 nine months ended May 31, 2019 (the “MD&A”). This MD&A should be read in conjunction with the Company’s unaudited condensed interim consolidated financial statements and relevant notes for the nine months ended May 31, 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 condensed interim 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 July 30, 2019.

NATURE OF BUSINESS

Leviathan Cannabis Group Inc. (the "**Company**" or "**Leviathan Group**") is a Canadian cannabis company. The Company’s portfolio comprises the wholly-owned subsidiaries Jekyll + Hyde Brand Builders Inc. ("**Jekyll + Hyde**"), a cannabis-focused marketing services agency; and Woodstock Biomed Inc. ("**Woodstock**"), a late stage medicinal cannabis applicant under the Health Canada Access to Cannabis for Medical Purposes Regulations ("**ACMPR**"); the 75% owned subsidiary Leviathan US, Inc. ("**Leviathan US**"), a proposed hemp processing facility currently under renovation in Tennessee, USA; and the wholly-owned subsidiary Bathurst Resources Corp. ("**Bathurst**"), a dormant, non-operating subsidiary.

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 relief from an interim control by-law imposed by the Town of Pelham. Once completed, it will serve as the Company's cornerstone for the Company's cannabis cultivation and processing operations in Canada.

In addition, on July 25, 2019, the Company's majority-owned (75%) subsidiary Leviathan US, Inc. ("Leviathan US") purchased a 5-acre property with a 37,000 square foot vacant industrial building in Carthage, Tennessee, USA to be converted into a licensed hemp processing facility with an expected completion date of the end of November 2019. Leviathan US controls a conditional hemp processing license from the Tennessee Department of Agriculture, subject only to various ordinary-course operational permits being issued during the process.

BUSINESS STRATEGY

Leviathan's core business strategy is to create a diverse, product-focused, vertically integrated Company serving worldwide medical and adult recreational cannabis and hemp markets.

The Company intends on executing a series of strategic acquisitions extending across various vertical markets in Canada and international markets to support the Company's cultivation, processing and proprietary branding strategies.

The Company is focused on becoming a leading domestic and international enterprise and is directing its efforts to creating a proprietary portfolio of cannabis and hemp brands leveraging the Company's expertise. By building a presence in markets in Canada and around the world where opportunities arise, 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 its state-of-the-art facilities in Carthage, Tennessee and, subject to relief, in Pelham, Ontario. The objective is to produce high-yield, pharma-grade and competitively priced medicinal and adult recreational cannabis products (in Canada) and medicinal hemp-based CBD products (in the USA) within predictable and dependable timelines.

Concurrent with these build-outs, 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 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 Ontario") and Bathurst Resources Corp. ("Bathurst") completed a three-cornered amalgamation whereby Bathurst amalgamated with 2396933 Ontario 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 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 marketing services agency focused solely on the Canadian medicinal and adult recreational cannabis, and US medicinal hemp, sectors.

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 Bathurst Resources Corp. 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, which 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 medicinal and adult recreational cannabis cultivation operations in Canada. Once the retrofit is completed, the cultivation facility is expected to produce high-yield, pharma-grade, and competitively priced medicinal and adult recreational cannabis. The total cost of the acquisition was \$15,750,000 paid by \$750,000 in cash and 30,000,000 common shares valued at \$0.50 per common shares. Ten million of the common shares issued as consideration are to be held in escrow and released if Woodstock obtains its license to cultivate and sell medicinal and adult recreational cannabis under the ACMPR within a specified time frame.

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 in the Town of Pelham. Leviathan submitted its interim 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 Niagara Region, and additional questions from the Pelham 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. On May 23, 2019, the Company announced its intention to initiate legal action against the Town of Pelham, Ontario following Town Council's vote to deny the Company an exemption to its interim control by-law on May 21, 2019.

On March 20, 2019, the Company appointed Jayne Beckwith and Luvlina Sanghera as officers of the Company. Ms. Beckwith took on the role of Chief Communications Officer and Ms. Sanghera took on the responsibilities 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 where 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 appointed Corporate Secretary to the Company.

On April 29, 2019, Renny Bidinot and Joseph Bidinot as insiders of Leviathan entered into Share Purchase Agreements with third party, arms-length purchasers to sell 20,000,000 million issued and outstanding fully paid and non-assessable common shares in the capital of Leviathan. Subject to the terms and conditions set out in an agreement between Renny Bidinot, Joseph Bidinot, Leviathan, Woodstock BioMed Inc. (“Woodstock”) and Computershare Trust Company of Canada dated June 14, 2018 (the “Escrow Agreement”), the Bidinots agreed to assign and transfer rights pursuant to the Escrow Agreement to 10,000,000 escrowed shares to third party, arms-length purchasers. This transaction closed on May 3, 2019. No officers or other insiders of Leviathan were involved in the private transactions.

On April 29, 2019 Renny Bidinot resigned as director, Chairman, President, Treasurer and Secretary of Woodstock a wholly owned subsidiary of Leviathan and Martin J. Doane, Luvlina Sanghera and Paul Gri have been elected as directors of Woodstock. Additionally, Martin J. Doane has been appointed as President of Woodstock, Luvlina Sanghera has been appointed as Chief Operating Officer of Woodstock and Paul Gri has been appointed as Vice-President of Woodstock.

RESULTS OF OPERATIONS

Overview of Operations

The operations for the nine months ended May 31, 2019 primarily consisted of operations of Jekyll + Hyde and the acquisitions and build-outs of Woodstock and Leviathan US.

RESULTS OF OPERATIONS

For the nine months ended May 31, 2019

Revenue for the nine months ended May 31, 2019 was \$79,503 relating to Jekyll + Hyde consulting services. During 2019, the officers of Jekyll + Hyde became officers of the Company and were almost exclusively involved with the acquisition and commencement of operations of Woodstock and Leviathan US.

Expenditures during the nine months ended May 31, 2019 were \$2,814,227 (May 31, 2018 – \$2,216,851). These expenditures included:

- Professional fees of \$282,584 (May 2018 – \$99,659). Due to the acquisition of Jekyll + Hyde, Woodstock and Leviathan US, the Company incurred significant professional fees consistent with management’s expectations. Depending on the activities of the Company in the last quarter of 2019, similar professional fees may be incurred.
- Construction expenses of \$129,446 (May 2018 - \$Nil) due to expenses related to the Woodstock and Leviathan US build-outs.
- Salaries, Wages & Consulting fees of \$1,211,195 (May 2018 - \$161,100) paid to the Company’s executive management team and other expert consultants who provided advisory services related to the commencement of operational activities of the Company. The Company anticipated these costs and is forecasting similar expenses in the last quarter of 2019.
- Office & General expenses of \$82,922 (May 2018 - \$35,691). With the acquisitions of Jekyll + Hyde, Woodstock and Leviathan US, which resulted in expanded activities of the Company, office and general expenses increased accordingly. Office and General expenses are expected to remain consistent in the last quarter of 2019.
- Marketing expenses were \$57,446 (May 2018 - \$Nil). The Company anticipates similar expenditures in the last quarter of 2019.
- Investor Relations & Fees were \$136,602 (May 2018 - \$Nil) associated with marketing the Company’s new acquisitions and capital funding activities. The Company anticipates that there may be similar expenses in the last quarter of 2019.
- Stock Based Compensation totaled \$465,167 (May 2018 – \$1,857,139) due to issue and vesting of stock options. The Company anticipates that there may be similar stock-based compensation in the last quarter of 2019.
- Rent expense totaled \$45,839 (May 2018 - \$24,897). The Company anticipates similar rent expense in the last quarter of 2019.
- Interest expense of \$296,304 (May 2018 - \$Nil). Interest expenses will be similar in the last quarter of 2019 as the Company acquired debt upon its acquisition of Woodstock.

Net and comprehensive loss for the period was \$2,049,452 (May 2018 – \$2,192,240) or a loss of \$0.02 per share (May 2018 - \$0.05).

Summary of Quarterly Financial Information

For the three months ended	\$ Q3FY19	\$ Q2FY19	\$ Q1FY19	\$ FY18
Revenues	Nil	22,403	57,100	57,655
Expenses	660,196	1,054,086	1,099,942	29,888,081
Net & Comprehensive Income (Loss)	25,075	(1,031,682)	(1,042,842)	(29,830,426)
Basic & Diluted Loss per Share	0.00	(0.01)	(0.01)	(0.59)

For the three months ended	\$ Q3FY18	\$ Q2FY18	\$ Q1FY18	\$ FY17
Revenues	22,124	2,487	-	-
Expenses	2,036,135	131,262	26,955	14,797
Net and Comprehensive Loss	(2,014,011)	(128,775)	(26,955)	(14,797)
Basic & Diluted Loss per Share	(0.00)	(0.00)	(0.00)	(0.00)

For the three months ended May 31, 2019

Revenue for the three months ended May 31, 2019 was \$Nil. During 2019, the officers of Jekyll +

Hyde became officers of the Company and were exclusively involved with the acquisition and commencement of operations of Woodstock and Leviathan US.

Expenditures during the three months ended May 31, 2019 were \$660,196 (May 31, 2018 – \$2,058,635). These expenditures included:

- Professional fees of \$18,791 (May 2018 – \$34,001). 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 the last quarter of 2019, similar professional fees may be incurred.
- Construction expenses of \$28,351 (May 2018 - \$Nil) were incurred related to the commencement of the Woodstock and Leviathan US build-outs.
- Salaries, Wages & Consulting fees of \$294,092 (May 2018 - \$104,500) paid to the Company’s executive management team and other expert consultants who provided advisory services related to the commencement of renovations and operational activities of the Company. The Company anticipated these costs and is forecasting similar expenses in the last quarter 2019.
- Office & General expenses of \$23,896 (May 2018 - \$11,093). With the acquisition of Jekyll + Hyde, Woodstock and Leviathan US, which resulted in expanded activities of the Company, office and general expenses increased accordingly. These expenses are expected to remain consistent in the last quarter in 2019.
- Marketing expenses totaled \$11,610 (May 2018 - \$Nil). The Company anticipates similar expenditures in the last quarter of 2019.
- Investor Relations & Fees totaled \$52,450 (May 2018 - \$Nil) associated with marketing the Company’s new acquisitions and capital funding activities. The Company anticipates that there may be similar expenses in the last quarter of 2019.
- Share Based Compensation was \$90,990 (May 2018 – \$1,857,139) due to the issue and vesting of stock options during the quarter. The Company anticipates that there may be similar stock-based compensation in the last quarter of 2019.
- Rent expense of \$9,478 (May 2018 - \$16,182). The Company anticipates similar rent expense in the last quarter of 2019.
- Interest expense of \$106,578 (May 2018 - \$Nil). Interest expenses will be similar in the last quarter of 2019 as the Company acquired debt upon its acquisition of Woodstock.

Net income (loss) for the quarter was \$25,075 (May 2018 – \$(2,036,511)) or an income of \$0.00 per share (May 2018 - (\$0.04)).

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 \$2,385,399 as at May 31, 2019 including cash of \$1,819,647.

OFF BALANCE SHEET ARRANGEMENTS

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

PROPOSED TRANSACTIONS

None.

SUBSEQUENT EVENTS

In June 2019, the Company granted 150,000 options to a senior employee to purchase 150,000 common shares of the Company from treasury (one common share per option) at an exercise strike price of \$0.60 per common share with 75,000 options (50%) vesting on January 11, 2020 (and expiring on January 11, 2022) and 75,000 options (remaining 50%) vesting on January 11, 2021 (and expiring on January 11, 2023).

July 25, 2019, as a result of the signing into law of the US Farm Bill by the President of the United States in December 2018 (legalizing the cultivation and processing of hemp for medicinal purposes throughout the United States by exempting hemp from the US Controlled Substances Act), the Company's majority-owned (75%) subsidiary Leviathan US purchased a 37,000 SF vacant industrial building on 5-acres of land (suitable for expansion) in Carthage, Smith County, Tennessee, USA (close to Nashville, Knoxville and Chattanooga, Tennessee) to be converted by Leviathan US into a licensed medicinal hemp extraction and processing facility by the end of the year.

SHARE CAPITAL

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

SHARE CAPITAL OUTSTANDING	Aug 31 2018	May 31 2019	July 30 2019
Shares	90,771,601	94,743,603	94,743,603
Options ^(a)	9,200,000	709,360	7,409,360
Warrants ^(b)	15,000,000	15,000,000	15,000,000
\$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	-	-
\$1.50 options expiring August 8, 2020	600,000	300,000	300,000
\$1.50 options expiring November 8, 2020	-	600,000	600,000
\$0.60 options expiring April 1, 2021	-	150,000	150,000
\$0.60 options expiring May 10, 2021	-	200,000	200,000
\$0.60 options expiring May 22, 2021	-	200,000	200,000
Total	9,200,000	7,409,360	7,409,360

(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 nine months ended May 31, 2019 was based on the loss attributable to common shareholders of \$36,896 (May 2018 – (\$2,192,240)) and the weighted average number of common shares outstanding of 94,661,544 (May, 2018 – 44,557,583). Diluted loss per share did not include the effect of 7,409,360 stock options for the nine months ended May 31, 2019 (May 2018 – 1,950,000) and 15,000,000 warrants for the nine months ended May 31, 2019 (May 2018 – nil) as they are anti-dilutive.

RELATED PARTY TRANSACTIONS

During the nine months ended May 31, 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 of directors and other members of key management personnel, or companies under their control, during the period was:

Nine months ended May 31	2019	2018
Salaries, consulting and benefits	\$520,889	\$89,000
Stock based compensation	241,322	1,857,139
	\$762,211	\$1,946,139

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 fully re-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 could 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 account’s 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 Businesses 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 regulatory framework, which may cause the Company to adjust its operations or impact the Company's profit margins.

Limited Operating History

The Company's subsidiary Jekyll + Hyde commenced operations on August 31, 2017, in addition Woodstock and Leviathan US currently have not commenced operations, and as such is an early stage business, 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 never 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

The Cannabis Industry in Canada and Hemp Industry In the US are both highly regulated at the Federal, Provincial or State and local Municipal levels and subject to a wide and onerous variety of laws, regulations and guidelines relating to the marketing, acquisition, manufacture, management, transportation, storage, sale and disposal of medicinal and adult recreational cannabis in Canada and medicinal hemp in the USA but also laws and regulations relating to health and safety, the conduct of operations and the protection of the environment. Changes in such laws, regulations and guidelines may cause adverse effects on the Company's operations. On February 24, 2016, the Federal Court of Canada 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 legalized the cultivation and sale of adult recreational cannabis nationally introducing a new national cannabis reporting and tracking system launched concurrently with the coming into force of the national Cannabis Act. Beginning October 17, 2018, the Cannabis Tracking and Licensing System (CTLS) applies to all public and private parties licensed by Health Canada to sell medicinal and/or adult recreational cannabis under the various provincial regulations to consumers or other Federally licensed cannabis companies. On December 12, 2018, Congress passed the U.S. Farm Bill and it became law on December 20, 2018. This legislation exempts hemp from the Controlled Substances Act and allows the import and export of hemp-derived products across U.S. state lines.

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 the Company's products. The Company cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation, which 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 cannabis and hemp industries may be significantly influenced by the public's perception of cannabis' and hemp's medicinal applications. Cannabis is a controversial topic and there is no guarantee that future scientific research, publicity, regulations, medical and public opinion relating to medicinal and/or adult recreational cannabis or medicinal hemp will be favourable. The medical and non-medical cannabis and hemp industries are early-stage businesses, which are constantly evolving with no guarantee of viability. The market for medical and non-medical cannabis and hemp is uncertain, and any adverse or negative publicity, scientific research, limiting regulations, medical and public opinions relating to the consumption of medical and non-medical cannabis and hemp may have a material adverse effect on operational results, consumer base and financial results.

Competition

The market for the medical and non-medical cannabis in Canada and medical hemp in the USA products do 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 cannabis. 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 medical and non-medical cannabis markets 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 customer 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 are able to sell their shares. The policy of the Board of Directors of the Company is to reinvest 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 the Leviathan Group 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 is 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 cannabis and hemp sectors 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 also 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 and Interim Chief Financial Officer, Leviathan Cannabis Group Inc. at 416 842-8408 extension 211.