LEVIATHAN CANNABIS GROUP INC. MANAGEMENT DISCUSSION & ANALYSIS FOR THE TWELVE MONTHS ENDED AUGUST 31, 2019

FORWARD-LOOKING INFORMATION

The following Management Discussion and Analysis provides a review of the financial condition and disclosures of the operations for Leviathan Cannabis Group Inc. ("**Leviathan**" or the "**Company**") for the twelve months ended August 31, 2019 (the "**MD&A**"). This MD&A should be read in conjunction with the Company's audited consolidated financial statements and relevant notes for the twelve months ended August 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 information*" within the meaning of applicable securities laws. Forward-looking information and statements include all information and statements regarding the Company's intentions, plans, expectations, beliefs, objectives, future performance, and strategy, as well as any other information or statements that relate to future events or circumstances and which do not directly and exclusively relate to historical facts. Forward-looking information and statements often but not always use words such as "*believe*", "*estimate*", "*expect*", "*intend*", "*anticipate*", "*foresee*", "*plan*", "*predict*", "*project*", "*aim*", "*seek*", "*strive*", "*potential*", "*continue*", "*target*", "*may*", "*might*", "*could*", "*should*", and similar expressions and variations thereof. Forward-looking statements may include estimates, plans, expectations, opinions, forecasts, projections, guidance or other statements that are not statements of fact. These statements are based on our perception of historic trends, current conditions and expected future developments, as well as other assumptions, both general and specific, that we believe are appropriate in the circumstances. Such information and statements are, however, by their very nature, subject to inherent risks and uncertainties, of which many are beyond the control of the Company, and which give rise to the possibility that actual results could differ materially from our expectations expressed in, or implied by, such forward-looking information or forward-looking statements. 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 several 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, unless required to do so under applicable securities law.

In this document and in the Company's audited condensed 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 audited consolidated financial statements and in the MD&A, are expressed in Canadian dollars.

The discussion and analysis in this MD&A are based on information available to management as of December 30, 2019.

CORPORATE SUMMARY

Leviathan is a publicly traded company, incorporated in the Province of Ontario 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 Company is primarily focused on the future production and distribution of cannabinoid ("**CBD**") isolate, distillate, and other extracted products through its 90% owned subsidiary, Leviathan US, Inc. ("**Leviathan US**") in Smith County, Tennessee, US, and its 65% owned subsidiary, LCG Holdings Inc. ("**LCG Holdings**") in Rio Negro, Antioquia Colombia. The Company has a wholly owned subsidiary, Woodstock Biomed Inc. ("**Woodstock**"), which is a construction ready production facility in Pelham, Ontario, Canada. However, development of Woodstock has been suspended. Resumption of the buildout of the Woodstock facility is contingent upon the expiration of the current interim control by-law in the Town of Pelham, approval of a building permit by the Town of Pelham, and the granting of a cannabis growing license from Health Canada.

The Company has a wholly owned branding / marketing agency, Jekyll + Hyde Brand Builders Inc. ("**Jekyll + Hyde"**) that specializes in cannabis-focused marketing but also provides marketing / brand development services to non-cannabis companies.

The Company has a wholly owned subsidiary, Bathurst Resources Corp. ("**Bathurst")**, which is a dormant, non-operating entity.

BUSINESS STRATEGY

Leviathan's initial business strategy is to extract and process bulk CBD products from hemp biomass at the Company's Tennessee facility and cultivate and process hemp at the Company's Colombian facility. Subject to Pelham Town Council approvals and receipt of licences from Health Canada, the Company intends to cultivate cannabis from its Woodstock facility.

Concurrent with the development of the CBD production facilities, the Company is researching and seeking to work with partners to develop products that utilize CBD extracts such as topical creams. While there is an active market for bulk CBD isolate and other derivates, management believes that partnering and developing relationships with end users will improve the stability of the Company's revenues from the sale of extracted products and provide supplemental revenues for the marketing / brand development corporate subsidiary, Jekyll + Hyde.

The Company intends to execute additional strategic acquisitions extending across various vertical markets in Canada and international markets to support the Company's cultivation, processing and proprietary branding strategies as opportunities presented.

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.

CORPORATE STRUCTURAL HISTORY

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. ("**2396933 Ontario**"), a wholly owned subsidiary of the Company and Bathurst Resources Corp. ("**Bathurst**") completed a three-cornered amalgamation whereby Bathurst amalgamated with 2396933 Ontario. 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., a private Ontario corporation. Jekyll + Hyde was incorporated in Ontario on August 30, 2017.

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.

WOODSTOCK TRANSACTION

On June 18, 2018, the Company agreed to acquire Woodstock Biomed Inc. Woodstock was in the process of securing a license to grow medical marijuana and, as such, was a late stage Access to Cannabis for Medical Purposes Regulations applicant ("**ACMPR**"). At the time of the acquisition, Woodstock had received its Confirmation of Readiness from Health Canada's Office of Medical Cannabis and was preparing to submit plans for the development of a medical marijuana facility in accordance with the ACMPR regulations in force at that point in time. (Subsequent to this date, Health Canada repealed the ACMPR program and introduced the *Cannabis Act* on October 17, 2018 which proscribes the approval and development of cannabis growing operations process.)

At the time of the proposed transaction, Woodstock owned a prime greenhouse production facility in Pelham, Ontario. This 29.5-acre property (the "**Property**") was intended to serve as the Company's cornerstone for medicinal and adult recreational cannabis cultivation operations in Canada. Once the retrofit was completed, the cultivation facility was expected to produce high-yield, pharma-grade, and competitively priced medicinal and adult recreational cannabis. Management's internal valuations estimated the cost of the acquisition at $15,750,000. This amount was based on cash consideration of $750,000 in cash and the issuance of 30,000,000 common shares valued at $0.50 per common share. The specific terms of the proposed purchase were:

Woodstock Transaction Terms

A. $750,000 in cash, payable upon receipt of the cultivation license;

B. 20,000,000 common shares of the Company subject to an escrow agreement to be released as follows:
   - a. 3,000,000 (15%) 6 months from closing
   - b. 3,000,000 (15%) 12 months from closing
   - c. 3,000,000 (15%) 18 months from closing
   - d. 3,000,000 (15%) 24 months from closing
   - e. 3,000,000 (15%) 30 months from closing
   - f. 5,000,000 (25%) 36 months from closing.

C. 10,000,000 common shares of the Company subject to an escrow agreement to be released if Woodstock receives its cultivation license prior to August 14, 2019. If the license is not received before August 14, 2019, these shares will be returned to the Company for cancellation.

Management's estimate of the transaction was significantly different than the value recorded in the Company's financial statements for the year ending August 31, 2018. The primary reason is due to the fact that when the transaction closed on June 18, 2018, the Company's stock was trading at $1.97 / share. Under IFRS rules, since the transaction did not meet the guidance as a business combination under IFRS 3, the transaction was accounted for as an *asset acquisition*. Consequently, the common share component was based on $1.97 per share and not $0.50 as envisioned by Management. Fair value of the transaction was first assigned to the physical assets at Woodstock (i.e. land, buildings) based on an independent appraisal by Colliers International, the fair value of other identified assets and liabilities, and finally to License-in-Progress. The excess over the fair value of other assets and liabilities was recorded as $36,597,192 in the financial statements for the Company for the year ending August 31, 2018.

On October 15, 2018 the Company announced that Pelham Town Council passed an interim control by-law (the "**By-law**") which placed a one-year moratorium on new cannabis facility developments and the expansion of cannabis related facilities in the Town of Pelham. The By-law stemmed from first generation cannabis facilities in the region which produced light and odour pollution angering the residents. Despite the passing of the By-law, the Company 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 the Company's application for an exemption to its interim cannabis By-law on April 15, 2019 by deferring the decision to the Town of Pelham's 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 September 9, 2019 the Company initiated legal proceedings against The Corporation of the Town of Pelham. This litigation, filed through the Ontario Superior Court of Justice, followed Town Council's decision to deny the Company an exemption to is Interim Control By-law (4046), which placed a one-year moratorium on the building of new cannabis facilities and the expansion of existing operations. The decision by Leviathan's management team to initiate legal action was done to protect the interests of shareholders.

On September 24, 2019 the Town of Pelham Council voted to extend the Interim Control By-law to July 15, 2020.

Notwithstanding the issues with the Town of Pelham, Management has made expenditures on Woodstock for the year ending August 31, 2019. The Pelham property has been prepared for new construction. Unsalvageable old greenhouse infrastructure has been demolished. Salvageable greenhouse infrastructure has been maintained. A full building permit application with stamped engineering drawings has been submitted to the Pelham building department. When the By-law expires on July 15, 2020, Management expects the building permit application to be assessed and approved. Upon receipt of Pelham Council approvals, Management expects to commence construction. Submitted plans call for the construction of 144,000 square feet of sealed cultivation greenhouse, of which approximately 90,000 square feet is earmarked for cultivation and the balance for headhouse. Construction will take between four and six months once started. Actual cannabis production would be deferred until Health Canada inspects and approves the facility and issues final licenses. Presently, Management is not able to reasonably estimate the length of time it will take to secure final licensing from Health Canada as there has been a significant slowdown in the Department's ability to manage existing and new cannabis cultivation licenses. Management, in the interim, intends to prepare and submit any required documents, such as facility plans, security plans and proposed standard operating procedures, pursuant to Health Canada's Cannabis Tracking and Licensing System ("**CTLS**").

The major categories of costs incurred for Woodstock for the year ending August 31, 2019 are:

(1) Third-party engineer and construction manager, Ehvert Engineering: $432,184;

(2) Demolition costs: $129,445; and

(3) Mortgage interest, property taxes, wages and utilities: $331,421.

Management expects the budgeted costs for the buildout of Woodstock to be approximately $15 million. Management, subject to market and business conditions, expects to finance the balance of the budget through a debt facility.

As part of Management's obligations under IFRS for the year ending August 31, 2019, Management conducted an impairment test of the intangible assets of $36,597,192 recorded in the financial statements of the Company for the year ended August 31, 2018. Given the complexity and uncertainties associated with the on-going litigation with Pelham Council, the uncertainty surrounding an expected start of construction, the securing of a cannabis cultivation license, Management engaged an independent consultant, BDO Canada LLP ("**BDO**"), to undertake a 2019 IFRS Impairment Test. Management received BDO's report on November 28, 2019 and circulated the report to the Board of Directors and the Company's auditors. BDO's recommendation was to write down the license-in-progress to a nominal value. Management concurs with this assessment and will be writing down the intangible assets as reflected in the audited statements for August 31, 2019. As noted in the financial statements for the year ending August 31, 2019, an impairment charge of $23,901,970 was recorded. This amount is comprised of the write down of the intangible assets of approximately $36.6 million and partially offset by the recovery, approximately $12.6 million, of the expense previously recorded and associated with the 10,000,000 shares of escrowed shares to be issued if Woodstock received a cannabis cultivation license by August 14, 2019. (See Clause C in the Woodstock Proposed Transaction Terms above.) The Company did not secure a cannabis cultivation license; consequently, the contingent expense was recovered and 10,000,000 shares of the Company were cancelled during the year ended August 31, 2019 (See Consolidated Statements of Changes in Shareholders Equity (Deficit) for the Years Ended August 31, 2019 and 2018.)

LEVIATHAN US – TENNESSEE

On July 25, 2019, the Company's subsidiary Leviathan US, Inc. purchased a 5-acre property with a 37,000 square foot vacant industrial building in Carthage, Tennessee, USA for U$312,148 in cash. Management believes that the facility is in the final stages of renovation and expects to be finished by mid-January 2020. The renovation has primarily involved replacing the roof, repairing floors, walls, upgrading electrical, HVAC and plumbing systems, and building out new offices. An extensive clean-up of the 5-acre property was also undertaken. Given the state of current renovations, Management has begun to order the bulk of the hemp processing equipment and portable clean rooms.

Management expects equipment deliveries to commence in mid-to-late January and to continue through February 2020. Upon receipt of processing equipment, local operational teams will be setting up, testing, calibrating, and readying the equipment for commercial production.

With respect to municipal and statement regulations, Leviathan US obtained a building permit for the office construction and an initial hemp processing permit from the State of Tennessee. Presently, Management is not aware of any special regulatory requirements, other than ordinary course operational permits, necessary to commence commercial operations to produce bulk CBD products from hemp. Management is also working on securing hemp biomass from local suppliers to start commercial production in late February, early March 2020 subject to setup, testing, and calibration of processing equipment experiences.

The budget for the project is approximately U$2.9 million with approximately U$900,000 of expenditures incurred as of December 30, 2019 broken down as follows: Operating Expenses U$129,000; Property / Building U$312,000; Prepaid Deposits U$426,000; Miscellaneous U$64,000.

Management has secured a $5 million debt facility from a current stakeholder which will be drawn down, as required, to facilitate the final buildout of the Leviathan US facility in Tennessee.

At the time of Management's acquisition of the Tennessee facility, the Company had negotiated a 75% interest in Leviathan US, Inc. The remaining interest was held by an American, Greg Pilant, with construction facility building experience and knowledge of the cannabis industry. However, Management was able to successfully renegotiate the Company's interest from 75% to 90% in December 2019 because of Management's increased role in managing the project buildout and Management's ability in securing financing to carry the project forward in an environment where cannabis financing has become extremely difficult.

LCG HOLDINGS - COLOMBIA

Colombian Regulatory Regime

In 2016, Colombia proposed a legal framework for the regulated cultivation and manufacture of medical cannabis for domestic use and exportation. In 2017, President Juan Manual Santos signed into law, a regulatory framework that permitted individuals and businesses to engage in the cannabis industry through a licensing framework (4 qualifying licenses) for cannabis production:

- Cultivation of psychoactive cannabis plants
- Cultivation of non-psychoactive cannabis plants
- Use of cannabis seeds to sow
- Manufacture of cannabis derivatives.

Management viewed the changes in the Colombian legal landscape as an opportunity to continue its business objectives of developing CBD oil / distillate production facilities in key locations.
Consequently, Management formed LCG Holdings Inc. ("**LCG**"), 65% owned by the Company, and

with local partners to operate the Company's Colombian corporate platform.

LCG is in the process of acquiring an existing Hydrangea farm, Las Piedras, encompassing approximately 23 acres and on which are located a number of buildings. The 35% minority ownership interest is held in equal parts by LCG's co-CEOs Bob Neill and Roy Ostrom, III. Mr. Neill and Mr. Ostrom are American expatriates who have lived and worked in Colombia for many years building and operating significant mining companies. Mr. Neill and Mr. Ostrom are arm's length to the Company.

The Company has agreed to contribute all necessary working capital to LCG by way of credit facility that will be drawn down as required. Amounts drawn down pursuant to the facility are subject to an 8% annual interest rate. Mr. Neill and Mr. Ostrom are contributing their IP (intellectual property), which allows LCG to access their business network, operational expertise, and local knowledge regarding hemp and cannabis opportunities in Colombia.

Originally, the Company had entered a lease to own property in Rio Negro with a view of creating a hemp cultivation and processing facility with an expected buildout budget of U$5 million. However, that transaction was terminated by the contracting parties in Colombia. Subsequently, Management entered into a new agreement to purchase a 22.43 acres hydrangea facility again located in Rio Negro for U$1,114,000. The Company will be making five installment payments over eighteen months. In addition to the land, the Company will be acquiring the facilities located on the property which includes office space, workers' quarters, and drying rooms. Management intends to construct a 700,000 square foot plastic greenhouse for cultivation purposes.

Payment Schedule – Hydrangea Facility

Payment Reference	Date	Amount
Initial	November 2019	US$58,000
2nd	January 2020	US$130,000
3rd	May 2020	US$130,000
4th	November 2020	US$348,000
Final	May 2021	US$348,000

Management's anticipated budget for the buildout of the facility is U$3.9 million. Approximately U$500,000 has been expended to date. Despite the failure of the original acquisition to be completed, Management believes it has located a superior, less expensive property as the foundation for its Colombian operations. The Company has negotiated favourable purchase terms for the property, which require the bulk of the purchase payments to be made in equal parts, 6, 12 and 18 months after the initial payments.

With respect to financing the Colombian acquisition, the Company expects that it will secure equipment financing equivalent to 50-70% of the value of the extraction processing equipment used in Colombia. As part of the property purchase, the Company has been assigned the final Hydrangea crop from the vendors, which is expected to generate approximately US$100,000 in revenues. An additional US$1.0-1.5 million in financing is expected to come from pledging the Company's

Tennessee assets. Finally, given the deferred payment terms, Management believes that it may have revenues from the production of CBD isolate or other extracted products to fund final payment terms.

Concurrent with the acquisition of the above noted growing facility, LCG Holdings is actively working towards obtaining all applicable permits. Management believes that if licenses are issued in a timely manner the hemp cultivation facility could be operational in calendar Q2 2020.

Management's Comments Regarding Operations in Colombia

Management recognizes that operating a business in Colombia, an emerging market, can pose significant challenges. Colombia has had a history of significant political violence since becoming a republic in 1819. In the last 50 years, the inequitable distribution of wealth has fueled "left vs. right" civil wars. This sectarian violence created a weakened government that allowed various drug cartels to impose their will over various sections of the country. However, the government finally reached a peace agreement with the largest rebel group in 2016 and has actively reasserted legitimate civil control over the country. Concurrent with the re-establishment of civil authority, the government introduced market friendly economic policies in 2000 such as fiscal discipline, inflation control, competitive tax rates, and targeted economic reforms to address poverty and land restitution issues. Consequently, the country has become increasing stable[1] and amenable to business and international trade over the last 10 years.

Because of the challenges of operating in Colombia, Management has undertaken several actions to ensure that the Company's resources are properly safeguarded. Firstly, Management utilizes well established / recognized advisors with domestic and international branches in Colombia. Management believes it will have increased influence over advisors with offices in Canada and Colombia. Secondly, Management has engaged independent local representatives who are knowledgeable of the Colombian business environment. As noted previously, the co-CEOs of LCG Holdings are Bob Neill and Roy Ostrom, III, who have had significant experience operating in the Colombian marketplace. Thirdly, Management has made several trips to Colombia to physically inspect, speak with local persons, and verify the facilities as this will reduce the possibility of fraud. Finally, Management continues to monitor political and economic developments in Colombia through their existing network of contacts, local and international, and through various publications.

CORPORATE DEVELOPMENTS

Personnel

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

[1] Colombia has moved up the rankings from 170 in 2000 to 159 in 2017.
https://www.theglobaleconomy.com/rankings/wb_political_stability/#Colombia

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 as well as a former professor at The Art Institute of Vancouver. Prior to the creation of her own company, Ms. Sanghera served as an executive with a retailer and manufacturer that distributed and launched consumer products 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.

Private Share Transaction

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, and Computershare Trust Company of Canada dated June 14, 2018 (the "**Escrow Agreement**"), the Bidinots agreed to assign and transfer their rights pursuant to the Escrow Agreement, including the contingent 10,000,000 escrowed shares (See Woodstock Proposed Transaction Terms above) 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. Martin J. Doane, Luvlina Sanghera and Paul Gri were elected as directors of Woodstock. Additionally, Martin J. Doane was appointed as President of Woodstock, Luvlina Sanghera was appointed as Chief Operating Officer of Woodstock, and Paul Gri was appointed as Vice-President of Woodstock.

RESULTS OF OPERATIONS

Overview of Operations

The operations for the twelve months ended August 31, 2019 consist of the activities of Woodstock, Leviathan US, and Jekyll + Hyde.

RESULTS OF OPERATIONS

For the Twelve Months Ended August 31, 2019

Revenues

Revenue for the twelve months ended August 31, 2019 was $118,503 ($82,266 2018) pertaining to Jekyll + Hyde consulting services. Most of the revenues for Jekyll + Hyde were generated from related party transactions, specifically, transactions involving the two of the Company's directors, Mr. Matthew Brace (Coil Brothers), and Mr. David Jarvis (Corton Capital Inc.). The Company agreed to accept as partial compensation for work provided an investment into Corton Capital Inc. for $25,000 (recorded as an Investment in the Balance Sheet of the Company as of August 31, 2019), in the form of 20,833 Class B non-voting shares, as compensation in lieu of a cash payment. Mr. David Jarvis recused himself from participating in Management's decision to receive the investment as compensation for services rendered by Jekyll + Hyde. During 2019, the officers of Jekyll + Hyde became officers of the Company and were almost exclusively involved with the acquisition and buildout of Leviathan US, the identification of suitable investments in Colombia through LCG Holdings and managing the relationship with the Town of Pelham. Managerial resources are expected to remain focused on these three projects; consequently, Management does not expect a material increase in revenues for Jekyll + Hyde for the period ending August 31, 2020.

No revenues were generated by any other units for the period ending August 31, 2019. Revenues for the period ending August 31, 2020 will depend on the successful buildout out of the facilities in Tennessee and Colombia. Management cannot reasonably predict the status of Woodstock with respect to revenue generation.

Expenses

Expenditures during the twelve months ended August 31, 2019 were $28,680,550 (2018 – $6,460,562). These expenditures included:

- Professional Fees $494,786 (2018 – $237,512). The increased costs related primarily to legal work associated with potential and actual business acquisitions that Management examined / transacted in Colombia and Tennessee, and the legal work associated with the lawsuit against the Town of Pelham. The increased expenditures were consistent with Management's expectations. Professional fees are expected to be lower in 2020.

- Salaries, Wages & Consulting Fees $1,614,050 (2018 - $563,476) The significant increase in expenditures relates to the Company's practice of hiring expert consultants to provide advisory services related to the buildout of Tennessee. Payments to Management have not materially changed between 2018 and 2019. Management, given the tightness of resources, reduced compensation levels to all employees and executives in the 4th quarter ending August 31, 2019. Management intends to continue to engage consultants on an "as needed" basis until the Company generates revenues on a consistent basis; consequently, Management expects similar levels of expenditure for 2020.

- Office & General Expenses $276,150 (2018 - $21,862). Costs have increased over the prior year as a result of the buildout of Tennessee and Colombia. Management expects these expenses to continue to rise as activity, i.e. as employee head count rises in Tennessee when the Company launches a recruiting drive in the 1st quarter of 2020, and production commences in Tennessee, Colombia, and, if production finally commences in Pelham. The level of expenses for 2019 was consistent with Management's expectations.

- Marketing Expenses $160,193 (2018 - $50,041). Management has scaled back marketing expenses, compared to the prior year, until such time as the Company is nearing commercial production. Consequently, Management expects marketing expenses will rise in the 2nd half of 2020.

- Investor Relations & Fees $150,328 (2018 - $184,582) Management scaled back the Company's investor relations activities as the poor business climate for cannabis companies became apparent. Management will increase the Company's investor relations expenditures when the company begins commercial production of CBD isolate and other extracted products as investor focus appears to be concentrated on actual production and revenue metrics and a cannabis company's ability to create and manage brand power.

- Share-Based Compensation $353,0544 (2018 – $5,351,347) The significant drop in share-based compensation is consistent with Management's expectations as the expense incurred in 2018 related to the necessity of establishing a management team and attracting experienced personnel to the Company. During the year ending August 31, 2019, Management also reduced the number of employees and consultants engaged by the Company. As a result, any employee / consultant who was terminated lost their entitlement to any incentive share-based compensation that typically vested each quarter. Correspondingly, share-based compensation was significantly lower than the previous fiscal year. Since the Company has a management team in place, the offering of share-based compensation is expected to remain consistently lower for 2020. Management only intends to offer share-based compensation to attract new executives, employees / consultants, and provide continued incentives for existing management.

- Rent Expense $69,705 (2018 - $42,633). Rental expenses have marginally increased as per annual increases as specified in the current rental agreement. Management expects similar rental expenses for 2020.

- Interest Expense $307,054 (2018 - $76,330). The Company experienced a significant increase in interest expenses as the Company incurred an entire year of interest on two loans which the Company acquired as part of the Woodstock transaction that closed in later half of 2018. Management expects that interest expenses will rise in 2020 based on the timing and extent that Management utilizes the $5 million revolving draw down facility negotiated and announced on October 31, 2019.

Net and comprehensive loss for the period was $28,571,371 (2018 – $6,378,296) or a loss of $0.34 per share (2018 - $0.16).

Summary of Quarterly Financial Information

For the three months ended	$ Q4FY19	$ Q3FY19	$ Q2FY19	$ Q1FY19
Revenues	39,000	Nil	22,403	57,100
Expenses	25,787,481	739,041	1,054,086	1,099,942
Net &Comprehensive Income (Loss)	(26,521,922)	25,075	(1,031,682)	(1,042,842)
Basic & Diluted Loss per Share	(0.28)	0.00	(0.01)	(0.01)

For the three months ended	$ Q4FY18	$ Q3FY18	$ Q2FY18	$ Q1FY18
Revenues	57,655	22,124	2,487	-
Expenses	4,243,710	2,036,135	131,262	26,955
Net and Comprehensive Loss	(4,186,055)	(2,014,011)	(128,775)	(26,955)
Basic & Diluted Loss per Share	(0.09)	(0.00)	(0.00)	(0.00)

For the Quarter Ended August 31, 2019

Revenues

Revenue for the three months ended August 31, 2019 $39,000 (2018 – $57,655) was $39,000 and was generated by Jekyll + Hyde. None of the other entities within the Leviathan group generated any revenues.

Expenses

Expenditures during the three months ended August 31, 2019 were $25,866,323 (2018 – $4,211,226). These expenditures included:

- Professional Fees $212,202 (August 2018 – $137,853). Management engaged external professionals to primarily provide legal services in respect of operations in Tennessee, Colombia and Pelham. The expenditures are consistent with Management's expectations. Depending on events in 2020, these expenditures could rise.

- Salaries, Wages & Consulting Fees $402,855 (August 2018 - $137,853) Management actively engaged external consultants to provide specific advice for the buildout of Tennessee and to securing / developing the Company's Colombian initiative. Employee and Management compensation was reduced by the introduction of a voluntary wage / consulting contract cut during the quarter. Management expects higher salaries, wages and consulting fees in 2020 depending on the expansion of the workforce as commercial production begins and accelerates.

- Office & General Expenses $193,228 (August 2018 - $81,950). These expenses rose in response to the increase activity of the Tennessee plant build out and the acquisition of the Colombian initiative. Management expects these expenses will rise in 2020 on the assumption that at least Tennessee and Colombia will be active in the 4th quarter of 2020.

- Marketing Expenses $102,747 (August 2018 - $69,906). Management scaled back marketing to focus on the Tennessee and Colombian initiatives. If commercial production has commenced in both locations in 2020, then Management expects that marketing expenses will be higher in 2020.

- Investor Relations & Fees $13,726 (August 2018 - $146,738) Management has scaled back investor relations activities until production facilities are operational. Management expects higher levels of investor relations activities in the 4th quarter of 2020.

- Share Based Compensation $85,311 (August 2018 – $3,494,208) Share-based compensation is lower as Management is judiciously using share-based incentive compensation arrangements to recruit key persons as needed; consequently, the amount is significantly lower than 2018 as the Company was actively recruiting and seeking to retain a seasoned and experienced management team. Management expects continued lower levels of share-based compensation in 2020.

- Rent Expense $23,866 (August 2018 - $17,736) Management expects similar rental expenses in 2020.

- Interest Expense $10,750 (August 2018 - $76,330) Management expects an increase in interest expenses depending on how much the Company's revolving credit facility is used in 2020.

Net loss for the quarter was $25,827,324 (August 2018 – $4,186,055) or a loss of $0.30 per share (August 2018 – ($0.05)).

TRENDS AND OTHER INFORMATION

The Company has limited financial resources. Consequently, Management has secured a short-term revolving credit facility from a major shareholder for up to $5,000,000 to fund the buildout of facilities in Tennessee and Colombia and to provide working capital to the Company. This facility will mature on October 15, 2021. Outstanding drawdowns bear an interest charge 10% per annum from the date of each advance. Interest is payable three times a year on April 30, August 31 and December 31. The Company may at its discretion repay the balance of principal and / or interest owing at any time without penalty. There are no assurances that additional funding will be available for working capital purposes if the Company is not successful in its efforts to generate revenues and / or secure additional financing through other debt facilities or equity capital raises.

LIQUIDITY AND CAPITAL RESOURCES

The Company had a working capital surplus of approximately $1,026,913 as at August 31, 2019 (2018 - $2,311,854) including cash of $922,213 (2018 - $2,869,583).

Currently, the Company has limited working capital resources, in hand, to finance operations and expected program buildouts in Tennessee and Colombia.

Location	Budget – US $	Completion Date
Tennessee (Leviathan US)	$2,937,071	Q1 2020
Rio Negro (Leviathan Colombia)	$3,905,200	Q2 2020

In order to realize on the Company's buildout program of CBD processing facilities, the Company is intending to utilize the following sources of funding:

- $ 5 million Revolving Credit Facility
  - Interest on amounts drawn down: 10%
    - Facility secured (See Subsequent Events Comments - press release dated October 15, 2019)
- Equipment / Vendor Financing
  - Management expects between 50% and 70% of CDB processing equipment can be financed through vendor or a third-party financing company for both the Tennessee and Colombian operations
    - Discussions have commenced
- Refinancing of Tennessee Facility
  - Management expects to secure financing against the refurbished Tennessee facility
    - Discussions have commenced
- Operating Revenues
  - Given the expected timing of the commencement of commercial production in Colombia and when purchase payments are due, Management believes that the Company will have operating revenues to partially fund out liability obligations (See chart – Payment Schedule, Hydrangea Facility above)

With respect to the $ 5 million Revolving Credit Facility, the facility would become immediately payable by the Company if the Company triggers an "event of default" unless waived by the Lender. Triggering events, from Management's perspective, are not considered onerous and are standard in similar types of credit facilities. Specific triggering events would include, (a) failure to pay interest on a due date; (b) the Company becomes insolvent or admits in writing that it is unable to pay its debts; (c) seeks any form of creditor protection; (d) initiates a corporate liquidation, winding up etc.; and (e) appointment of a receiver or its equivalent. The Revolving Credit Facility is not dependent upon any earnings per share, cash flow, or share price metrics.

OFF BALANCE SHEET ARRANGEMENTS

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

PROPOSED TRANSACTIONS

None.

SUBSEQUENT EVENTS

On September 9, 2019 the Company announced that its wholly owned subsidiary, Woodstock Biomed Inc., initiated legal proceedings against the Town of Pelham. This litigation, filed through the Ontario Superior Court of Justice, follows Town Council's decision to deny the Company an exemption to its Interim Control By-lay (4046), which placed a one-year moratorium on the building of new cannabis facilities and the expansion of existing operations. On September 23, 2019, Pelham Town Council voted to extend the Interim Control By-law to July 15, 2020.

On September 16, 2019, the Company announced a corporate expansion / initiative into Colombia, South America. The Company established LCG Holdings Inc. a business venture to cultivate hemp and manufacture CBD isolate and other extracted products in Colombia. The Company has a 65% ownership interest in LCG Holdings Inc. The Company's initial plan involved the purchase of a property under a lease to own arrangement, the construction of a greenhouse, and the construction and equipping of a CO2-based extraction facility, for an approximate cost US$5 million. However, this transaction was terminated (See discussion for December 18, 2019). As part of the LCG Holdings Inc. / Colombian initiative, the Company has partnered Mr. Bob Neill and Mr. Roy Ostrom, III, who will be co-CEOs of LCG Holdings Inc. Mr. Neill and Mr. Ostrom are American expatriates who have lived and worked in Colombia for many years building and operating significant mining companies. Mr. Neill and Mr. Ostrom are arm's length to the Company.

The Company has agreed to contribute all necessary working capital to LCG by way of credit facility that will be drawn down as required. Amounts drawn down pursuant to the facility is subject to an 8% annual interest rate. Mr. Neill and Mr. Ostrom are contributing their IP (intellectual property), which allows LCG to access their business network, operational expertise, and local knowledge regarding hemp and cannabis opportunities in Colombia.

On October 15, 2019 the Company signed an agreement with an investor to provide financing of up to C$5 million at 10% per annum from the date of each draw down. Interest is payable on the loan three times a year on April 30, August 31, December 31. The Company may, at its discretion, repay the balance of principal and / or interest owing at any time without penalty. This financing is meant to be non-dilutive.

On December 18, 2019 the Company announced it had terminated the original lease to own property arrangement in Rio Negro, Colombia previously announced on September 16, 2019.

Pursuant to an agreement of purchase and sale with an arm's length vendor dated November 18, 2019, LCG is acquiring a property comprised of 22.43 flat acres of land in the Municipality of Rio Negro, Colombia. In addition to the land itself, all infrastructure on the Property will be acquired by LCG, including office space, workers' quarter and drying rooms. The Company intends to construct an approximate 700,000 square foot greenhouse facility on the property to cultivate and produce CBD or other extracted equivalents from hemp.

LGC Holdings Inc. purchased the Property for a price $1,114,000 USD which the Company will pay in five installments over 18 months.

SHARE CAPITAL

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

SHARE CAPITAL OUTSTANDING	Aug 31 2018	Aug 31 2019	Dec 30 2019
Shares	90,771,601	84,743,603	84,743,603
Options [(a)]	9,200,000	7,109,360	5,750,000
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	-
$1.50 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	-	-
$0.60 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	7,109,360	5,750,000

(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 twelve months ended August 31, 2019 was based on the loss attributable to common shareholders of $(28,562,047) (August 2018 – (6,378,296) and the weighted average number of common shares outstanding of 84,743,903 (August 2018 – 40,876,481). Diluted loss per share did not include the effect of 7,559,360 stock options for the twelve months ended August 31, 2019 (August 2018 – 9,200,000) and 15,000,000 warrants for the twelve months ended August 31, 2019 (August 2018 –15,000,000) as they are anti- dilutive.

RELATED PARTY TRANSACTIONS

During the twelve months ended August 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:

Compensation to Management, Directors, and other Key Personnel

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

Twelve months ended Augsust 31	2019	2018
Salaries, consulting and benefits	$588,000	$461,837
Stock based compensation	353,054	5,351,347
	$941,054	$5,813,184

Corton Capital Inc.

During the year the Company, through its subsidiary Jekyll + Hyde, provided revenue generating services for a firm that is controlled by a Member of the Board of Directors, Mr. David Jarvis. The transaction was valued at $39,000 and was completed during the fourth quarter of the year ended August 31, 2019. Management agreed at the time the transaction was entered into that the payment for the services provided by Jekyll + Hyde would be in cash, $14,000, and by the issuance of shares in the Board Member's privately held firm valued at $25,000. Jekyll + Hyde received 20,833 Class B non-voting shares of Corton Capital Inc. in lieu of cash for Jekyll + Hyde's services. These shares have been recorded on the Financial Statements as an Investment.

Coil Brothers Concentrates LLC

During the year the Company, through its subsidiary Jekyll + Hyde, provided revenue generating services for a firm with a Chief Operating Officer who is a Member of the Board of Directors, Mr. Matthew Brace. The transaction was valued at $48,253 and was completed during the second quarter of the year ended August 31, 2019.

I Feel Good Cannabis Company Ltd.

The Company approved a promissory note issued to "I Feel Good Cannabis Company Ltd." ("**IFG**"). The promissory note was issued in the amount of $98,013 with a 12% interest per annum on November 23, 2018. A director and officer of the Company are also directors of IFG. In total three executive management team members are related to IFG; Martin Doane, Luvlina Sanghera and Jayne Beckwith. The Company advanced funds to provide working capital funding to IFG. On January 24, 2019 promissory 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 equity prices and wholesale price of biomass (hemp) and selling price of the finished material 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 in Canada, the United States and Colombia. A portion of the Company's 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 any 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 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.

Investments in Colombia

Operating a business in Colombia, an emerging market, can pose significant challenges. Colombia has had a history of significant political violence since becoming a republic in 1819. In the last 50 years, the inequitable distribution of wealth has fueled “left vs. right” civil wars. This sectarian violence created a weakened government that allowed various drug cartels to impose their will over various sections of the country. While the government finally reached a peace agreement with the largest rebel group in 2016 and has actively reasserted legitimate civil control over the country there is no guarantee that Colombia will not return to its earlier state of political instability resulting in the breakdown of the rule of law.

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 adjusts 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 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, whether in Canada, the United States or Colombia, 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. Woodstock, Leviathan US, and LCG Holdings Inc. currently have not commenced operations, and as such, they are early stage businesses, 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, the hemp industry in the United States, and the cannabis industry in Colombia are all highly regulated at all levels of government (i.e. Federal, Provincial, State, Municipal) and are 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, adult recreational cannabis, and CBD oil / distillates. in Canada, the United States and Colombia. 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 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.

In 2016, Colombia proposed a legal framework for the regulated cultivation and manufacture of medical cannabis for domestic use and exportation. In 2017, President Juan Manual Santos signed into law, a regulatory framework that permitted individuals and businesses to engage in the cannabis industry through a licensing framework (4 qualifying licenses) for cannabis production.

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, and US and

Colombian regulators, as 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 appear to be sizeable. As a result, the Company expects significant competition from other companies both domestically and abroad. Many 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 and hemp 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, distribution, 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 216.