1CM Inc.
(Formerly, Leviathan Natural Products Inc.)

FORM 51-102FI

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED NOVEMBER 30, 2022

JANUARY 30, 2023

MANAGEMENT DISCUSSION & ANALYSIS ("MD&A")
FOR THE THREE MONTHS ENDED NOVEMBER 30, 2022

INTRODUCTION

The following management discussion and analysis provides a review of the financial results and condition of 1CM Inc. (formerly, Leviathan Natural Products Inc.) ("**1CM**" or the "**Company**") for the three months ended November 30, 2022 (the "**MD&A**"). This MD&A should be read in conjunction with the Company's unaudited condensed interim financial statements for the three months ended November 30, 2022. The financial statements for the above noted periods and the financial information herein have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

This MD&A is prepared by management based on information available to management as at January 30, 2023. All amounts are expressed in Canadian dollars, unless otherwise noted.

Reference should also be made to the Company's filings with Canadian securities regulatory authorities, which are available at www.sedar.com.

FORWARD LOOKING 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 information and statements included throughout this MD&A include, but are not limited to, statements pertaining to the following:

- the Company's continued intentions to execute 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 arise;
- The Company's plans on new product offerings and operations; and

Forward-looking information and statements included throughout this MD&A are based on a number of factors and assumptions which have been used to develop such statements and information, but which may prove to be incorrect, including, but not limited to, assumptions about:

- general business and market conditions;
- the Company's ability to execute on its business plan, and secure any licenses, permits, and authorizations which may from time to time become necessary to execute on its business plan;
- the Company's financial condition for the reasonably foreseeable future and its ability to carry out its development plans;
- the demand, and market opportunity, for the Company's product offerings;
- the Company's ability to establish, preserve and develop its brand, and attract and retain required personnel;
- the impact of COVID-19 on the market demand for the Company's product offerings; and
- the impact of current and future social and economic conditions (including, not limited to, global pandemics) on the business and operations of the Company, and the Company's ability to capitalize on anticipated business opportunities;

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.

CORPORATE OVERVIEW

1CM is a publicly traded company, incorporated in the Province of Ontario and domiciled in Canada. The Company's registered office is located at 625 Cochrane Dr, Markham, ON, L3R 9R9 Suite 802, Markham, ON L3R 9R9. 1CM's common shares are traded on the Canadian Securities Exchange under the symbol "**EPIC**" and on the OTCQB under the symbol "**MILFF**".

1CM is a multi-jurisdictional cannabis company, focused on becoming a leader in the Cannabis industry. The Company is focused on expanding its current cannabis operations through organic growth and by the way of merger and acquisition transactions.

The Company's cannabis operations are executed through its wholly-owned subsidiary, Leviathan US, Inc. ("**Leviathan US**") in Smith County, Tennessee, US, its wholly-owned subsidiary, LCG Holdings Inc. ("**LCG Holdings**") in Carmen de Viboral, Antioquia Colombia, its wholly-owned subsidiary, Jekyll + Hyde Brand Builders Inc. ("**Jekyll + Hyde**"), its wholly-owned subsidiary One Cannabis Market Inc. ("**OCM**"), and the wholly-owned subsidiary Tirthankar Limited, and related companies, T Cannabis NW Inc, Cost Cannabis Inc., and T Cann Mgmt Corp., (the "**Tirthankar Entities**").

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

BUSINESS STRATEGY

1CM's business strategy is to extract and process bulk cannabinoid products from hemp biomass at the Company's Tennessee facility and cultivate and process hemp at the Company's Colombian facility.

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

The Company is focused on expanding on its cannabis operations, leveraging the Company's existing operations and expertise in the cannabis sector. By continuing to establish a presence in markets in Canada and internationally, the Company is able to both diversify its cannabis investments and focus on generating 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. on June 15, 2011 under the provisions of the *Business Corporations Act of Ontario* and was classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange corporate finance manual.

On December 31, 2013, the Company, 2396933 Ontario Inc. ("**2396933 Ontario**"), a wholly owned subsidiary of the Company and Bathurst Resources Corp. ("**Bathurs**t") 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 (the "**Transaction**"). The Transaction constituted a reverse take-over and 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 filed articles of amendment to 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, 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 files articles of amendment to change its name to Leviathan Cannabis Group Inc. On April 15, 2018, the Company's common shares began trading under the new name and the symbol CSE: EPIC.

On July 21, 2020, the Company amended it articles and changed its name to Leviathan Natural Products Inc. after receiving shareholder approval, by way of a special resolution, at the Company's Annual and Special Meeting of Shareholders held on June 23, 2020. The Company continues to trade under the symbol CSE: EPIC.

On October 25, 2021, the Company entered into a definitive agreement to acquire all the issued and outstanding shares of Tirthankar Ltd. and related companies, which is a cannabis retail operator with more than 10 retail stores. Details are noted below in *Acquisition of Tirthankar Entities.*

On March 7, 2022, Matthew Brace, David Jarvis and Martin J. Doane resigned from Issuer's board of directors and were replaced by Tanvi Bhandari, Rupalee Mehta and Lucas Leone, Tanvi Bhandari replaced Martin J. Doane as CEO; Harshil Chovatiya was named COO and replaced Luvlina Sanghera as Secretary; and Manish Z. Kshatriya replaced Jayne Beckwith as CFO.

On March 11, 2022, the Company issued 5,000,000 common shares at a price of $0.60 per common share for gross aggregate proceeds of $3,000,000. On May 5, 2022, the Company issued 3,333,333 common shares at a price of $0.60 per common share for gross proceeds of $2,000,000.

On March 21, 2022, the Company approved the grant of stock options to purchase an aggregate 2,000,000 common shares of the Issuer (the "Stock Options") to a director of the Company. The Stock Options are exercisable at a price of $0.82 per share until March 21, 2026. Upon issuance, 50% of the Stock Options will vest on March 21, 2023 and the remaining 50% vest on March 21, 2024.

On June 3, 2022 and in connection with the cancellation of 1,000,000 stock options, the Company granted 1,000,000 stock options to an officer at an exercise price of $0.95 per share. 50% of these stock options vest on June 3, 2023 while the remaining 50% of these stock options vest on June 3, 2024. These stock options expire two years from the date of vesting.

During the year ended August 31, 2022, 5,875,000 stock options exercisable at a price of $0.65 were forfeited and cancelled.

On August 31, 2022, the Company announced that the Board appointed Linda Marabeti Romano as the Company's Chief Financial Officer. Ms. Romano replaces Manish Z. Kshatriya, the Company's previous Chief Financial Officer who was appointed on March 7, 2022.

On September 7, 2022, the Company completed its name change from Leviathan Natural Products to 1CM Inc.

On October 31, 2022, the Company entered into Letter of Intent (LOI) with Veridia Canada Ltd. (the "Purchaser") regarding its possible sale of all of the issued and outstanding shares in the capital of LCG Holdings Inc. (Columbia).

On November 9, 2022 the Company closed a private placement financing by issuance of 4,000,000 common shares at a purchase price of $1.45 per share for total gross proceeds of $5,800,000.

On November 17, 2022, the Company entered into an asset purchase agreement with Veridia USA, LLC and completed the sale of its entire interest in the property located in Leviathan USA (Tennessee, USA) together with all buildings, structures, and equipment situated thereon and associated debt obligations attached to the buildings, structures, and equipment.

Acquisition of One Cannabis Market Inc.

On June 9, 2022, the Company acquired all of the issued and outstanding shares of One Cannabis Market Inc. ("OCM") for a total consideration of 500,000 common shares of the Issuer (the "OCM Acquisition").

OCM is a technology company that provides solutions to consumers and business in dynamic markets. OCM's technology address challenges facing consumers seeking information in saturated markets and business looking for a single source software. In connection with the OCM Acquisition, the Company granted 500,000 stock options to an Officer of the Company at an exercise price of $1.10 per share, vesting over a two-year period. 250,000 of these stock options expire on June 9, 2025 while the remaining 250,000 stock options expire on June 9, 2026.

Acquisition of Tirthankar Entities

On August 31, 2022, the Company completed the definitive agreement (the "Tirthankar Agreement") to acquire all of the issued and outstanding shares of Tirthankar Ltd. and related companies (the "Tirthankar Entities"), which is a cannabis retail operator with more than 15 retail stores.

Pursuant to the Tirthankar Agreement, 1CM acquired all of the issued and outstanding shares of the Tirthankar Entities in consideration for $1.8 million cash and 15,750,000 common shares of 1CM. 1CM also issued 250,000 common shares to certain employees of the Tirthankar Entities as a retention bonus. All the common shares of 1CM issued under the Tirthankar Agreement are subject to contractual restrictions on trading.

In connection with the Tirthankar Agreement, the Company announced that Tanvi Bhandari, founder and senior officer of the Tirthankar Entities, was appointed to the Company's board of directors and as a CEO on March 7, 2022.

The Tirthankar Entities' stores operate under its retail brands "T CANNABIS" and "COST CANNABIS" offering a wide variety of cannabis brands and products, including flower, pre-rolls, concentrates, edibles, beverages, vapes, topicals, seeds, and accessories.

WOODSTOCK TRANSACTION

On August 31, 2022, the Company completed the sale of its 100% interest in Woodstock Biomed Inc. ("Woodstock Biomed") for total consideration of $5,000,000 (the "Woodstock Sale"). The proceeds from the Woodstock Sale are intended to be used for general corporate purposes and working capital needs.

LEVIATHAN US (TENNESSEE)

On July 25, 2019, the Company's subsidiary Leviathan US, Inc. purchased a 9.75-acre property with a 37,000 square foot vacant industrial building in Carthage, Tennessee, USA for cash of US$312,148 (the "**Tennessee Facility**").

The Company also completed renovations on the Tennessee Facility which 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 Tennessee Facility was also undertaken.

The Tennessee Facility features a unique ethanol processing technique. This process involves chilling the ethanol and plant biomass to -80℃ with liquid nitrogen. The ultra-low temperatures produce derivates with superior potency and purity. The state-of-the-art facility includes 2,500 square feet of custom C1D2 extraction clean room space with foam fire suppression systems, security cameras and precision air handling. Leviathan US is selling the following hemp-derived extracts for wholesale distribution in the United States: crude oil, THC-free crude, distillate and THC-free distillate. In addition, the Company utilizes its leading-edge processes to produce highly sought after and valuable crystal- resistant distillate. Crystallization is unwanted in vape cartridges as suspended crystals can make the product difficult to use.

On June 16, 2021, the Company, through Leviathan US, secured a supply agreement (the "**Supply Agreement**") with Colorado based Veridia USA LLC ("**Veridia USA**") to supply full spectrum cannabidiol ("**CBD**") crude hemp oil ("**Product**"), serving as Veridia USA's primary supplier of this Product. Currently, Leviathan US is in the process of establishing supplementary sales relationships with other business partners to supply its crude hemp oil. As Leviathan US moves forward, its business strategy will also focus on the highest margin products in the cannabinoid extraction segment through the manufacturing of finished products for the Company's own brands and through white labeling formulations for select customers.

The sales team continues to successfully negotiate split toll processing agreements with local hemp farmers for harvested hemp crops. Under these agreements Leviathan US processes the farmers' biomass and in exchange for this service retains half of the extracted product. Currently, the facility has approximately 31,793 pounds of biomass on hand under split toll arrangements. This inventory allows the facility to build its own inventory of crude oil, which can be further processed and used for bulk cannabinoid sales or to produce higher margin finished products without incurring the cost of purchasing hemp biomass. If required, the Company also has access to high quality, well-priced hemp on the spot market. With respect to branded proprietary products, the sales team is establishing relationships with distributors, brokers, dispensaries, and other retail channels. At the same time, the marketing team has focused on developing strong, differentiated brands, and has built an online marketing platform.

Leviathan US obtained a building permit for the office construction, an initial hemp processing permit from the State of Tennessee and a facility certificate of occupancy from the Town of Carthage, Tennessee. Since the receipt of the initial hemp processing permit, the State of Tennessee no longer requires industrial hemp processors to register or apply for a permit. Management is not aware of any other special regulatory requirements, other than ordinary course operational permits to produce bulk cannabinoid products from hemp.

On January 21, 2022, Leviathan received its Consumer and Industry Services permit from State of Tennessee Department of Agriculture, a requirement for the distribution of ingestible finished products.

Approximately US$3MM of costs in relation to the Tennessee Facility have been incurred as of May 31, 2022, broken down as follows: Property/Building/Renovations US$1.5M and Extraction and Product Manufacturing Equipment US$1.5M.

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 cannabinoid derivatives and healthcare industries.

Management secured a $5.5 million debt facility on October 15**,** 2019, from a current shareholder which was to be drawn down, as required, to facilitate the final buildout of the Leviathan US facility in Tennessee. The debt facility does not have any covenants and pays an interest charge of 10% on amounts drawn down. Interest payments are due three times per year, April 30, August 31, and December 31. The debt facility matures on October 15, 2021. 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. Pursuant to the loan agreement, interest was paid on December 31, 2019, and on April 30, 2020.

On October 5, 2020, the value of the credit facility was increased to $7,500,000 at the same terms and conditions as the original agreement. On February 18, 2021, the Company announced that it had amended the terms of its $7,500,000 unsecured, term loan credit facility to extend the maturity date, reduce the frequency of interest payments, and to capitalize certain interest payments into the principal amount of the credit facility. The maturity date of the credit facility has been extended to December 31, 2023 (from October 15, 2021); interest payments are only to be payable on December 31 of each year during the term (from once every four months); and the interest payments due August 31, 2020, and December 31, 2020, have been capitalized into the principal amount of the credit facility. The terms of the credit facility otherwise remain the same.

On December 31, 2021, the Company made a draw of $738,045 bringing balance drawn to $8,211,648 as of August 31, 2022, and has been reported at a fair value of $7,968,122 as at August 31, 2022. The Company will use the funding to provide working capital for its operations. The annual interest payment due December 31, 2021 was capitalized.

The Company announced on March 5, 2021, that Leviathan US entered into a loan and security agreement with an arm's-length lender (the "**Lender**") whereby the Lender has loaned Leviathan US US$499,000 on a secured basis (the "**Loan**"). The Loan bears interest at a rate of 12.99% per annum, paid monthly, and is secured against certain assets of Leviathan US. The Loan comes due and payable in full on March 1, 2023. Partially-amortized payments are payable in consecutive monthly installments of US$5,432.62 on the first day of each month, beginning April 1, 2021. As at August 31, 2022, the Loan has been reported at a fair value $634,088. The Company used the proceeds from the Loan to provide working capital for its operations.

During April 2022, the Company acquired the remaining 10% of Leviathan US, Inc. for US$25,000

On November 17, 2022, the Company entered into an assets purchase agreement with Veridia USA LLC and completed the sale of its entire interest in the property located in Leviathan USA (Tennessee US) together with all buildings, structures and equipment situated thereon. As at November 30, 2022, the Company does not have an obligations related to this loan.

LCG HOLDINGS - COLOMBIA

Colombian Regulatory Regime

In 2016, Colombia implemented a legal framework for the regulated cultivation and manufacture of medical cannabis for domestic use and exportation. In addition, the government of Colombia identified the cultivation of medical cannabis as an important source of legitimate income for farmers and a potential boost to the national economy.

In 2017, President Juan Manual Santos signed the decree 613 of 2017, permitting individuals and businesses to engage with the cannabis industry. To support this, 4 types of licenses were established for producing cannabis:

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

The Government of Colombia also published five resolutions, for the process of defining the rules for the production and processing of cannabis for medical and scientific purposes. The resolutions defined who will be considered small and medium growers. They also established the technical requirements and the tariffs for the cultivation of the plant and its processing into medicinal, phototherapeutic and homeopathic products. As established in Resolution 579, 2017, issued by the Ministries of Health, Justice and Agriculture, growers that cultivate on a half a hectare area (5,000 square meters) or less are considered small and medium growers and, therefore, may access technical advice, priority allocation of quotas and purchase of their production by the processor. The regulation, in effect, establishes that 10 percent of the total production of the processor must come from a small and medium producer. The resolutions issued by the Ministry of Health establish the fees to be paid by firms that carry out plant transformation processes (Resolution 2891, 2017), as well as the technical standards to be followed (Resolution 2892, 2017). Among other aspects, the latter defines the safety protocol to be implemented in the facilities where cannabis is researched and processed, the requirements to act as technical director of these facilities, the conditions for transportation, and the maximum authorized amounts of processing (quotas). Resolutions issued by the Ministry of Justice (577 and 578) technically regulate the evaluation and follow-up of the licensing modalities that are to be delivered to this entity (psychoactive cannabis, non- psychoactive cannabis and seed use) and establish the fees that must be paid to obtain these licenses.

There are 4 types of licenses in Columbia, Manufacture of cannabis derivatives (for national use, scientific research and export) regulated by the Ministry of Health and Social Welfare, Cultivation of psychoactive cannabis license and non-psychoactive cannabis cultivation license (for seed production for planting grain production, the manufacturing of derivatives, scientific purposes, storage and final disposal) both regulated by the Ministry of Justice and Law, and use of cannabis seeds to sow (for marketing or delivery purposes and scientific purposes) regulated by the Ministry of Justice and Law.

On July 23, 2021, the Ministry of Health and Social Welfare issued Decree 811 of 2021 modifying various aspects of the previous decrees. Among the most important modifications were the extension of license length from five to ten years (with completion of the necessary application and payment) and elimination of the prohibition on the export of "cannabis, dried cannabis flower, or unprocessed cannabis". Full regulation for the export of dry flower is still pending.

During July 2022, the Company acquired the remaining 35% of LCG Holdings Inc.

Colombian Operations

Management viewed the changes in the Colombian legal landscape as an opportunity to continue its business objectives of developing cannabinoid oil / distillate production facilities in key locations. Consequently, Management formed LCG Holdings Inc. ("**LCG**"), 65% then owned by the Company, and with local partners to operate the Company's Colombian corporate platform.

LCG is in the process of acquiring an unused Hydrangea farm, Las Piedras, encompassing approximately 23 acres and on which are located several buildings. The 35% minority ownership interest was held in equal parts by LCG's CEO Roy Ostrom, III and former CEO, Bob Neill. Mr. Neill resigned as CEO on February 11, 2022. 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.

During the year, the company acquired the remaining 35% interest in LCG for cash consideration of $35.

1CM 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.

On August 17, 2021, the Company announced that LCG Holdings completed an acquisition of all of the issued and outstanding shares (the "**Acquisition**") of Natural Origins SAS ("**Natural Origins**"), a Colombian company licensed for growing, processing, and exporting psychoactive and non- psychoactive cannabis (the "**Licenses**").

Colombian Cannabis Licenses

With the closing of the Natural Origins acquisition, 1CM has acquired Colombian cannabis licenses in the following areas outlined below.

Colombian cannabis licenses received from the Colombian Ministry of Health and Social Welfare:
Manufacture cannabis derivatives for the following modalities:

- For national use: Ranging from the reception of the harvest in the manufacturing area, to the delivery of cannabis derivatives to any third party, or for him/herself, in order to proceed with the production of a finished product from cannabis. this includes activities for the acquisition of any kind of cannabis, the manufacturing of derivatives, the storage of cannabis and its derivatives, the transport of cannabis and its derivatives, and the use, distribution or commercialization of derivatives in the national territory.
- For export: Ranging from the reception of the harvest in the manufacturing area to the direct export of cannabis derivatives. this includes activities for the acquisition of cannabis, the manufacturing of cannabis derivatives, the storage of cannabis or its derivatives, the transport of cannabis or its derivatives, and the export of cannabis

derivates.

- For scientific purposes: ranging from the receipt of the harvest at the facilities, to the manufacture of cannabis derivatives for scientific purposes for its study. this includes activities for the acquisition of cannabis, the manufacturing of cannabis derivatives, the storage of cannabis and its derivatives, the transport of cannabis and its derivatives, and research on cannabis and / or its derivatives.

Colombian cannabis licenses received from the Colombian Ministry of Justice and Law: Grow psychoactive cannabis plants for the following modalities:

- For seed production for sowing includes the cultivation of psychoactive cannabis seeds to produce seeds for planting, screens and / or vivarium production, storage, marketing, distribution, export and final disposal.
- For the manufacturing of derivatives includes the cultivation of psychoactive cannabis plants, from planting to the delivery or use of the crop for the manufacturing of derivatives for medical and scientific purposes. this includes sowing, storage, marketing, transportation, distribution and final disposal activities.
- For scientific purposes includes the cultivation of psychoactive cannabis plants, from planting to the use of the crop for scientific purposes, either on cannabis plant or its parts, without involving activities of industrial manufacturing of derivatives.
- For production of grain includes the cultivation of psychoactive cannabis plants to produce grain.

Grow non-psychoactive cannabis plants at the Ministry of Justice and Law for the following modalities:

- For grain and seed production for sowing includes the cultivation of non-psychoactive cannabis plants to produce grain or seeds for sowing.
- For the manufacturing of derivatives includes the cultivation of non-psychoactive cannabis plants, from planting to the delivery of the crop for the manufacturing of derivatives for medical and scientific purposes.
- For industrial purposes includes the cultivation of non-psychoactive cannabis plants, from planting to the delivery of the crop for industrial uses.
- For scientific purposes includes the cultivation of non-psychoactive cannabis plants, from planting to the harvesting, for scientific purposes, in each of its parts or of the non-psychoactive cannabis, without it involving activities for the manufacturing of derivatives.

Management's Comments Regarding Operations in Colombia

Management recognizes that operating a business in Colombia, an emerging market, can pose significant challenges and has undertaken several actions to ensure that the Company's resources are properly safeguarded. Management has tried to mitigate this risk by using well established / recognized advisors with domestic and international branches in Colombia, engaged independent local representatives who are knowledgeable of the Colombian business environment, CEO and former CEO, respectively, of LCG Holdings are Roy Ostrom, III, and Bob Neill who have had significant experience operating in the Colombian marketplace and has made several trips to Colombia to physically inspect, speak with local persons, and verify the facilities. Further, Management continues to monitor political and economic developments in Colombia through their existing network of contacts, local and international, and through various publications.

COVID – 19 Government of Canada Programs CEBA Loan

On March 11, 2020, the World Health Organization declared the spread of COVID-19 a pandemic. The Government of Canada has introduced several programs to support individuals and companies. The Company determined that they were eligible for the Canadian Emergency Benefit Account ("**CEBA**"). This program provides up to a $40,000 interest free loan to a company to assist in covering eligible expenses. The Company received the loan during the fiscal quarter ended May 31, 2020. If the loan is repaid in full on or before December 31, 2022 25% ($10,000) of the loan will be forgiven. CEBA was subsequently expanded to include an additional interest-free $20,000 loan, 50% ($10,000) of which would be forgivable if repaid by December 31, 2022. The Company received the supplementary $20,000 on March 9, 2021.

In addition, the Company qualified for a $60,000 CEBA loan for Jekyll + Hyde. The loan was received on June 9, 2021. If $40,000 was repaid on or before December 31, 2022, $20,000 would be forgivable.

On January 12, 2022, the Canadian Government extended the due date from December 31, 2022 to December 31, 2023 on all CEBA loans.

On August 31, 2022, the Company repaid $40,000. $40,000 remains payable for Jekyll + Hyde.

For additional information on this program please see https://ceba-cuec.ca/

RESULTS OF OPERATIONS

Summary of Quarterly Financial Information from continuing operations:

For the period ended	$ Q1FY23	$ Q4FY22	$ Q3FY22	$ Q2FY22
Revenues	7,406,188	343,855	145,795	213,235
Expenses	7,076,970	730,828	1,269,014	1,363,551
Net & Comprehensive Income (Loss)	161,871	(1,736,643)	(1,105,793)	(1,133,229)
Basic & Diluted Income (Loss) per Share	0.01	(0.02)	(0.01)	(0.01)

For the period ended	$ Q1FY22	$ Q4FY21	$ Q3FY21	$ Q2FY21
Revenues	139,606	180,422	110,969	50,423
Expenses	1,203,986	1,819,692	1,072,050	1,028,174
Net and Comprehensive Loss	(1,050,901)	(1,933,232)	(996,119)	(1,033,461)
Basic & Diluted Loss per Share	(0.01)	(0.02)	(0.01)	(0.01)

Overview of continuing operations

The operations for the three months ended November 30, 2022 and 2021 are as follows:

Revenues

Revenue during the three months ended November 30, 2022 and 2021 amounted to $7,406,188 (2021 – $228,137). Cost of sales during the three months ended November 30, 2022 and 2021 amounted to $5,813,092 (2021 – $170,719).

The increase in sales quarter over quarter is due to the accretive revenue generated from the acquisition of the Tirthankar entities.

Expenses

Expenses from continuing operations during the three months ended November 30, 2022 were $1,263,878 (November 30, 2021 – $1,112,338). These expenses included:

Professional fees of $138,934 (November 30, 2021 – $52,273). The increase in professional fees was due to increased legal work associated with potential and actual business acquisitions that Management examined/ transacted in Canada, Colombia and Tennessee, and other legal work associated with domestic issues, including the lawsuit brought against the Town of Pelham in the previous year. Management expects continued increased professional fees in relation to contemplated transactions as noted above.

Salaries, wages and consulting fees amounted to $761,435 (November 30, 2021 – $304,246). Salaries, wages and consulting fees have decreased in the year as management had plans to continue to engage consultants on an “as needed” basis until the Company achieves positive cash-flows. Management expects higher levels of expenditure for fiscal 2023 as the business grows and requires additional personnel.

Office and general expenses amounted to $324,773 (November 30, 2021 – $67,452). Costs have decreased over the prior year as management focused on decreasing discretionary expenses. Management expects these expenses to increase related to upcoming transactions.

Investor relations and fees amounted to $19,002 (November 30, 2021 – $15,774). Management expects higher levels of expenditure in 2023.

Share-based compensation amounted to $435,549 (November 30, 2021 – $59,159). Share-based compensation expense relates to the vesting of stock-options issued in fiscal 2022. Management plans to use share-based incentive compensation arrangements to recruit key persons as needed and expects higher levels of share-based compensation in 2023 as the business grows and requires additional skilled personnel.

Interest expense, net of fair value discount, amounted to $488,700 (November 30, 2021 – $465,380). Interest expense includes accretion of a discount due to the fair value of the cash flows of a modified loan. Actual interest has risen because of the interest incurred on the $7.5 million debt facility that had been drawn down. Management expects that interest expenses will continue to increase in future periods in relation to the interest and accretion on the $7.5 million revolving facility.

Net income for the three months ended November 30, 2022 amounted to $351,718 (November 30, 2021 – net loss of $1,054,920). Net comprehensive income for the three months ended November 30, 2022 was $161,871 (November 30, 2021 – net comprehensive loss of $4,935,568).

TRENDS AND OTHER INFORMATION

The Company has limited financial resources. Consequently, Management secured a short-term revolving credit facility for up to $7,500,000 to fund the buildout of facilities in Tennessee and Colombia and to provide working capital to the Company. Outstanding drawdowns bear an interest charge 10% per annum from the date of each advance. The maturity date of the credit facility has been extended to December 31, 2023 (from October 15, 2021); interest payments are only to be payable on December 31 of each year during the term (from once every four months); and the interest payments due August 31, 2020, and December 31, 2020 and 2021, have been capitalized into the principal amount of the credit facility. 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. As at August 31, 2022 the Company has taken a total draw of $8,211,648 (August 31, 2021 – $7,473,603) inclusive $738,045 of interest that was capitalized on December 31, 2021. During the three months ended November 30, 2022, the Company repaid a significant portion of the Bridge Loan as a result of the sale of its assets held in Verdia USA, LLC of $7,332,875. As a result, the closing balance amounted to $1,032,835 as at November 30, 2022.

LIQUIDITY AND CAPITAL RESOURCES

The Company had a working capital of approximately $2,891,386 as at November 30, 2022 (August 31, 2022 – $857,431). The Company had cash of $3,504,923 (August 31, 2022 – $2,236,949).

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

With respect to the $7.5 million Revolving Credit Facility, the facility would become immediately payable by the Company if the Company triggered 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.

On March 11, 2022, the Company issued 5,000,000 common shares at a price of $0.60 per common share for gross aggregate proceeds of $3,000,000. On April 28, 2022, the Company issued 3,333,333 common shares at a price of $0.60 per common share for gross aggregate proceeds of $2,000,000.

On November 9, 2022, the Company closed a private placement financing by issuance of 4,000,000 common shares at a purchase price of $1.45 per share for total gross proceeds of $5,800,000.

On November 17, 2022, the Company entered into an asset purchase agreement with Veridia USA, LLC and completed the sale of its entire interest in the property located in Leviathan USA (Tennessee US) together with all assets, namely buildings, structures and equipment situated thereon and the respective payable balances and mortgages attached to the assets. Consideration received for the disposition of these assets amounted to 3,332,875 (US $2.5 million). The net assets sold amounted to $1,899,914 (US $1,452,649), resulting in a gain on disposal of assets in the amount of $1,398,214 on the statement of operations and comprehensive loss.

OFF BALANCE SHEET ARRANGEMENTS

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

PROPOSED TRANSACTIONS

None.

SUBSEQUENT EVENTS

On January 20, 2023, the Company entered into a strategic agreement with Greenline POS, a subsidiary of Blaze Solutions Inc.

SHARE CAPITAL

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

SHARE CAPITAL OUTSTANDING	**August 31, 2022**	**November 30, 2022**	**January 30, 2023**
Shares	110,403,602	114,403,602	114,403,602
Options [(a)]	4,550,000	4,525,000	4,525,000
Warrants[(b)]	-	-	-
(a)			
$0.60 options expiring Nov 2020-Aug 2022	-	-	-
$0.60 options expiring May 2021 – Feb 2023	50,000	25,000	25,000
$0.60 options expiring Mar 21, 2024	1,000,000	1,000,000	1,000,000
$0.65 options expiring August 27, 2024	-	-	-
$0.82 options expiring March 21, 2025	1,000,000	1,000,000	1,000,000
$0.82 options expiring March 21, 2026	1,000,000	1,000,000	1,000,000
$0.95 options expiring June 3, 2025	500,000	500,000	500,000
$0.95 options expiring June 3, 2026	500,000	500,000	500,000
$1.10 options expiring June 9, 2025	250,000	250,000	250,000
$1.10 options expiring June 9, 2026	250,000	250,000	250,000
Total	4,550,000	4,525,000	4,525,000

(b) Each warrant was exercisable at $0.60 per share until December 31, 2021. The Company received proceeds of $450,999 for 751,666 share purchase warrants exercised at $0.60 per warrant during the year ended August 31, 2022. The remaining 14,248,334 share purchase warrants expired on December 31, 2021.

RELATED PARTY TRANSACTIONS

During the three months ended November 30, 2022, 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 expense of directors and other members of key management personnel, or companies under their control, are as follows:.

For the three months ended November 30,		2022		2021
Salaries, consulting and benefits (a)	$	80,000	$	168,000
	$	**80,000**	**$**	**168,000**

(a) As at November 30, 2022, $32,000 (August 31, 2022 - $34,905) due to directors, officers and shareholders is included in accounts payable and accrued liabilities.

(b) In December 2021, the Company entered into loan agreements with two officers of the Company for $27,000 and $8,000. The loans bear interest at a rate of 10% per annum, payable on April 20, 2022, August 31, 2022 and on December 31, 2022. The $27,000 loan is due and payable in full on December 8, 2022 and the $8,000 loan is due and payable on December 23, 2022. The loans were repaid during the year (see Note 9(g)).

c) As per the terms of the Purchase agreement Tirthankar Entities will pay a fee of up to 1.5% of sales plus $60,000 per annum to a company owned by the CEO of the Company, Tanvi Bhandari. As at November 30, 2022, the total amount earned in relation to this agreement amounted to $122,191 (November 30, 2021 - $Nil).

d) One Cannabis Market Inc. was majority owned by a company that was owned by an immediate family member of the CEO of the company, prior to its acquisition by the Company.

e) Tirthankar Limited and related companies were acquired from the current CEO of the Company. During the initial execution of the agreement Tanvi Bhandari was not CEO of the company but was appointed as CEO of the company on March 7, 2022 prior to the closing of the transaction.

f) Tirthankar Limited currently leases the properties located at Kenora, Cochrane, and Sioux Lookout from Smiths Falls Property Inc, a company that is wholly owned and controlled by the CEO of the company

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 the wholesale and selling prices of cannabis will impact 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. As at November 30, 2022, the Company did not hedge its foreign currency risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rates on all of the Company's existing debt are fixed, and there not currently subject to any significant interest rate risk.

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.

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 favorable 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 operations are in the early-stage business cycle, 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 hemp 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 section7 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.

Unfavorable 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 favorable. 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 COVID-19

The COVID-19 outbreak was declared a pandemic by the World Health Organization in 2020. The situation continues to be dynamic with no visibility on the ultimate duration and magnitude of the impact on the economy presently. Consequently, the pandemic could affect the Company's ability to maintain operations, to obtain debt and equity financing, result in the impairment of investments, the impairment in the value of the Company's long-lived assets, or adversely affect the revenue or the profitability of ongoing 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 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 general meeting of security holders;
(3) Additional information relating to the Company can be requested via (717) 888-8889.