

# High Hampton Holdings Corp.

(Formerly Herbal Clone Bank Canada Inc.)

## *Amended and Restated*

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**For the Three Months Ended November 30, 2015**

#### **INTRODUCTION**

This Amended and Restated management discussion and analysis ("**MD&A**") of the Company covering the three months ended November 30, 2015 is prepared as of **April 6, 2016**, and amends and restates the Company's MD&A covering the same period that was prepared as of December 31, 2015 (see "*Amendments and Restatements*", below).

This MD&A reviews and summarizes the activities of High Hampton Holdings Corp. (the "Company") and compares the financial results for the three months ended November 30, 2015 with the comparable period of the prior year. This information should be read along with the Amended and Restated Condensed Interim Consolidated Financial Statements for the quarter ended November 30, 2015 (unaudited, management prepared), as well as the Company's Amended and Restated Audited Consolidated Financial Statements for the year ended August 31, 2015 and related notes attached thereto, all of which were prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts herein are stated in Canadian dollars unless otherwise indicated.

#### **Amendments and Restatements**

Due to errors identified in the Company's audited financial statements for the year ended August 31, 2015, including the accounting treatment of a reverse acquisition transaction undertaken by the Company in 2014, the Company corrected its 2015 annual audited financial statements and MD&A (which were originally prepared as of December 31, 2015), and filed Amended and Restated Audited Consolidated Financial Statements for the 2015 fiscal year (prepared as of March 24, 2016) as well as an Amended and Restated MD&A for the same period. The amended 2015 annual financial statements and MD&A are available on SEDAR at [www.sedar.com](http://www.sedar.com), and particulars of the changes made to the audited financial statements are set out in the notes thereto. A regulatory cease trade imposed on Jan 18, 2016 pending correction of the financial statements was lifted following the filing of the amended statements.

As a consequence of the amendment to the Company's annual financial statements, the Company's unaudited interim financial statements for the immediately following quarter ending November 30, 2015 were also amended (prepared as of April 6, 2016) to incorporate the corrections contained in the amended annual statements and to ensure consistency in accounting treatment and accuracy of comparatives. Similarly, this Amended and Restated MD&A covering the three month period ended November 30, 2015 is prepared as of April 6, 2016 and reflects the corrections contained in the Company's Amended and Restated 2015 Audited Consolidated Financial Statements for the year ended August 31, 2015.

#### **Forward Looking Statements**

This MD&A may contain "forward looking statements" that reflect the Company's current expectations and projections about its future results. When used in this MD&A, words such as "estimate", "intend", "expect", "anticipate" and similar expressions are intended to identify forward-looking statements, which, by their very nature, are not guarantees of the Company's future operational or financial performance, and are subject to risks and uncertainties and other factors that could cause the Company's actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied by, these forward-looking statements. In this

MD&A, such forward looking statements include statements concerning the Company's business objectives that have not yet materialized; the Company's investigation of business opportunities; the Company's goal to commence operations; the Company's intent and ability to raise capital; and the Company's goal to enhance shareholder value.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this MD&A or as of the date otherwise specifically indicated herein. Due to risks and uncertainties identified elsewhere in this MD&A, actual results may differ materially from current expectations. The Company disclaims any intention or obligation to update or revise any forward looking statements, whether as a result of new information, future events or otherwise.

## **OVERALL PERFORMANCE**

### **Description of Business**

High Hampton Holdings Corp. was incorporated under the name Infinity Minerals Corp. on November 12, 2010, under the laws of the province of British Columbia, Canada. The name of the Company was changed to Herbal Clone Bank Canada Inc. on August 29, 2014 and subsequently to High Hampton Holdings Corp. on June 18, 2015. The corporate office and principal place of business address is Suite 804 - 750 W Pender Street, Vancouver, British Columbia, Canada, V6C 2T7. The Company is a reporting issuer in British Columbia, Ontario and Alberta, and its common shares are traded on the Canadian Securities Exchange (the "CSE") under the symbol "HC" and on the Frankfurt Exchange under the symbol "OHC".

The Company's wholly owned subsidiary, The Herbal Clone Bank Inc. ("THC"), is a private company with an application pending with Health Canada to become a Licensed Producer under (and as defined in) the *Marihuana for Medical Purposes Regulations* (the "MMPR"). The Company acquired THC by way of a reverse takeover ("RTO") on August 31, 2014. The Company's business objective is to supply vegetative (first growth) stage cannabis to Licensed Producers allowing them to focus exclusively on the flowering stage of crop production, and thereby eliminating first growth stage infrastructure costs and doubling output by cutting grow cycles from 16 weeks to eight. The Company's business plan anticipates the development of a horticultural facility in Okanagan Falls, British Columbia from which specific services will be provided including propagation, direct cultivation and sale of purebred cultivars optimized for medical purposes; cloning; marihuana strain storage and database maintenance. Although the Company's license application was submitted to Health Canada in November 2013, the MMPR license has not yet been granted. Particularly with the uncertainty surrounding the marijuana industry in Canada, there is increasing uncertainty as to when or even if an MMPR license will be granted to the Company. Consequently, Company management broadened the Company's business focus commencing investigation into alternative avenues of entry into the medical and retail marijuana industry.

Company management is also currently assessing various other initiatives outside of the marijuana sector, with a view to enhancing shareholder value. However, any fundamental change in the business activities of the Company will require appropriate filings and pre-approval of the CSE.

### **Mineral Properties**

Prior to September 2014, the Company was a junior mineral exploration company, and still holds a 100% interest in two contiguous mineral tenures comprising 317.64 hectares in south central British Columbia known as the Rainbow Claim Group. These claims are in good standing and the Company is seeking to sell them to a third party. However, due to market conditions management has been unable to secure a buyer to date and is not optimistic such a buyer will be found.

## **DISCUSSION OF OPERATIONS**

### **Activities during the Period**

#### ***New Business Opportunities***

Despite the Company's solid business plan and the qualified personnel and know-how to carry out its intended marijuana services business going forward, the increasing uncertainty in the laws and regulations relating to the industry and the lengthy application processes and wait times involved in obtaining the legal right to carry on business in the marijuana sector continued to delay the Company in its efforts to secure an MMPR license. Consequently, during the quarter ended November 30, 2015, the directors of the Company resolved to actively seek alternative marijuana-related business opportunities. On September 28th, 2015, the Company announced the acquisition of an on-line a marijuana industry-focused social and business network but on October 8, 2015 after further due diligence, the Company cancelled the transaction. Company management investigated potential strategic alliances with a view to negotiating a joint venture, acquisition or merger with an existing Licensed Producer or an entity offering products or services in the marijuana sector that does not require a MMPR license for its activities. Discussions are currently underway with various parties with a view to acquiring a revenue-generating venture.

#### ***Shares for Debt***

During the three months ended November 30, 2015, the Company settled accounts payable and accrued liabilities of \$150,000 through the issuance of 3,000,000 common shares of the Company.

#### ***Share Consolidation***

On September 16, 2015, the Company consolidated its shares on the basis of one new share for every ten old shares, in order to provide more flexibility in raising funds. All references to number of shares and per share amounts herein are expressed as *post-consolidation* values.

#### ***Resignation of Director***

On October 8, 2015, the Company accepted the resignation of Terry Johnson, CPA as a director and CFO and appointed Christopher Cherry as a director and CFO in his stead.

### **Financial Information for the Three Month Period ended November 30, 2015**

The following discussion and analysis of the operating results and financial condition of the Company should be read in conjunction with the Amended and Restated Audited Consolidated Financial Statements and Notes for the fiscal year ending August 31, 2015 as well as the unaudited interim financial statements for the three month period ended November 30, 2015.

During the three months ended November 30, 2015, the Company incurred a loss of \$204,097 (comprised only of listing and filing fees and management and consulting fees) compared to a loss of \$359,346 for the three months ended November 30, 2014. This variance in loss is primarily due to the fact that during the quarter ending November 40, 2014, the Company was busy concluding the reverse acquisition of its marijuana-related subsidiary and was actively engaged in the MMPR license application process; whereas for the same period in 2015, the Company's MMPR license application remained pending and the Company began seeking new business opportunities.

As at November 30, 2015, the Company had a working capital deficiency of \$260,325 (\$206,325 as at August 31, 2015).

## SUMMARY OF QUARTERLY RESULTS

In following table sets out selected quarterly information for each of the Company's last eight most recently completed quarters. The following financial data has been prepared in accordance with IFRS and all figures are stated in Canadian dollars.

	(3 Months) Nov 30, 2015	(3 Months) Aug 31, 2015	(3 Months) May 31, 2015	(3 Months) Feb 28, 2015
<b>Financial results:</b>				
Net (loss) profit for the period	(\$204,097)	(\$116,254)	(\$90,616)	(\$214,062)
Basic and diluted loss per share	\$0.07	\$0.00	\$0.00	\$0.00
<b>Balance sheet data:</b>				
Cash	\$0.00	\$0.00	\$36,694	\$67,632
Total assets	\$85,978	\$83,375	\$120,329	\$225,944
Shareholders' Equity (deficit)	\$(259,127)	(\$205,030)	(\$88,776)	\$1,840
	(3 Months) Nov 30, 2014	(3 Months) Aug 31, 2014	(3 Months) May 31, 2014	(3 Months) Feb 28, 2014
<b>Financial results:</b>				
Net (loss) profit for the period	(\$359,346)	(\$5,227,864)	(\$161,536)	(\$56,783)
Basic and diluted loss per share	\$0.18	\$0.26	\$0.01	\$0.01
<b>Balance sheet data:</b>				
Cash	\$254,384	\$854,248	\$71,195	\$166,439
Total assets	\$436,939	\$1,046,537	\$305,115	\$386,312
Shareholders' Equity (deficit)	\$215,902	\$575,248	\$191,618	\$320,188

As the RTO pursuant to which the Company acquired its subsidiary companies took effect on August 31, 2014, the financial results for the preceding financial quarters of February 28, 2014 and May 31, 2014 reflect the operations of the parent Company only prior to the RTO. The financial results for each of the fiscal quarters thereafter reflect the operations of the Company, THC and its subsidiaries on a consolidated basis.

The significant variance in net loss for the quarter ending August 31, 2015 versus August 31, 2014 is because the Q4 2014 net loss reflects the RTO expenses, including the listing expense of \$4,862,088. The Company had no source of revenue during Q4 2015, and only minimal revenues from consulting fees earned and amounts of interest earned on term deposits during Q4 2014. During the fourth quarter of 2015, the Company incurred management fees of \$50,000 accrued to two directors, Rob Riley and Krister Kottmeier, compared to management fees of \$120,000 paid or accrued to prior management and directors during the fourth quarter of fiscal 2014.

## LIQUIDITY AND CAPITAL RESOURCES

The Company's primary objectives in capital management are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain sufficient funds to finance the Company's operations. Capital is comprised of the Company's shareholders' equity. As at November 30, 2015, the Company's shareholders' deficit was \$259,127.

As at November 30, 2015, the Company had not yet achieved profitable operations and expects to incur further losses in the development of its business plan, all of which may cast significant doubt about the Company's ability to continue as a going concern.

The delay in obtaining its MMPR license to enable the Company to commence operations in the marijuana sector has resulted in a depletion of the Company's capital resources. As at November 30, 2015, the Company's current resources are not sufficient to settle its current liabilities. The Company will operate at a loss unless and until it is able to receive a MMPR license from Health Canada so as to allow commercialization of its planned horticultural facility in Okanagan Falls, British Columbia. The Company's ability to continue as a going concern is dependent

upon its ability to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due and to attain future profitable operations.

The Company will require additional financing in order to fund planned expenditures and cover its general and administrative costs. The Company intends to raise funds through an equity financing. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. Further, if an equity offering is used to raise required additional capital, it may result in dilution to existing shareholders based on the size of such an offering. Failure to obtain such additional financing could result in delay or indefinite postponement of the development of the Company's business, and may cast significant doubt upon the Company's ability to continue as a going concern.

#### **OFF-BALANCE SHEET ARRANGEMENTS**

The Company does not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on its financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors, except for guarantees.

#### **TRANSACTIONS BETWEEN RELATED PARTIES**

During the three months ending November 30, 2015, the directors and officers of the Company incurred management and consulting fees totaling \$51,000 (2014: \$120,000), of which \$6,000 is owing to the Company's CFO and \$22,500 is owing to each of the remaining directors of the Company. These fees are included in accounts payable and accrued liabilities as well as management fees totaling \$35,249 payable to former directors. All of these amounts are unsecured, non-interest bearing, have no fixed terms of repayment and are due on demand.

#### **CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION**

Note 3 of the Company's Audited Consolidated Financial Statements for the year ended August 31, 2015 sets out the Company's significant accounting policies. There have been no changes in the Company's accounting policies during the period.

#### **FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS**

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

The Company does not have any derivative financial assets and liabilities.

#### **Financial Risk Management**

The Company is exposed in varying degrees to a variety of financial instrument related risks as follows:

##### ***Credit risk***

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank accounts. The Company's bank accounts are held with a major bank in Canada. As all of the Company's cash and cash equivalents are held by one bank in Canada, there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. The Company is not exposed to credit risk on recoverable taxes, as these are due from the Government of Canada.

### ***Liquidity risk***

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. Although the Company attempts to achieve this by maintaining sufficient cash and banking facilities, as an early stage company without revenues, the Company's liquidity position decreases as expenses are incurred. To mitigate this liquidity risk, the Company budgets its expenditures, closely monitors its rolling cash forecast and liquidity position, and raises capital as needed. To date, the Company's ongoing operations have been almost entirely financed by equity issues combined with proceeds from the exercise of warrants and stock options, along with some interest income and partner funding.

The Company's non-derivative financial liabilities are all due within one year.

### ***Market risk***

Market risk is the risk that changes in market prices, such as foreign exchange rates, commodity prices, and interest rates will affect the Company's net earnings or the value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

### ***Foreign currency exchange rate risk and commodity price risk***

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Commodity price risk is the risk that market values and future incomes will fluctuate because of changes in commodity prices. The Company does not have any direct exposure to foreign currency exchange rate risk or commodity price risk. The Company had no forward exchange rate contracts or commodity price contracts in place.

### ***Interest rate risk***

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. As at November 30, 2015, the Company did not have any significant interest rate risk, and the Company had no interest rate swap or financial contracts in place.

### **Capital Management**

The Company defines capital that it manages as shareholders' equity that is expected to be realized in cash. The Company raises capital through private and public share offerings and related party loans and advances. Capital is managed in a manner consistent with the risk criteria and policies provided by the board of directors and followed by management. All sources of financing and major expenditures are analyzed by management and approved by the board of directors.

The Company's primary objectives when managing capital is to safeguard and maintain the Company's financial resources for continued operations and to fund expenditure programs to further advance mineral property interests. The Company's process in managing capital is through detailed review and due diligence on all potential acquisitions, and preparing short-term and long-term cash flow analysis to maintain sufficient resources. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company is able to scale its expenditure programs and the use of capital to address market conditions by reducing expenditures and the scope of operations during periods of market decline and economic downturn.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital

management during the period ended November 30, 2015. The Company is not subject to any externally imposed capital requirements.

### **Classification of financial instruments**

The following is an analysis of the Company's financial assets measured at fair value as at August 31, 2015:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Cash and cash equivalents	\$ -	\$ -	\$ -
Trade payables and accrued liabilities	\$ 120,939	\$ -	\$ -

### **Fair value**

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

### **Commitments**

The Company's sublease of office space at #520, 800 West Pender Street, Vancouver, BC, V6C 2V6 at a monthly rate of \$1,050 was terminated in September, 2015 and the space has since been re-tenanted.

### **OTHER MD&A REQUIREMENTS**

The authorized capital of the Company consists of an unlimited number of common shares without par value of which 3,033,420 common shares are issued and outstanding as of November 30, 2015.

The Company has a 10% rolling stock option plan for its directors, employees and consultants to acquire common shares of the Company at a price determined by the fair market value of the shares at the date of grant. As at November 30, 2015, there were no share purchase warrants and no stock options outstanding.

### **SUBSEQUENT EVENTS**

A BC Securities Commission cease trade order imposed on Jan 18, 2016 pending correction of the Company's 2015 annual financial statements was revoked on April 6, 2016 allowing resumption of trading of the Company's shares.

### **MANAGEMENT COMMENTS**

The Amended and Restated Unaudited Interim Financial Statements of the Company for the three month period ended November 30, 2015 and all information contained in this financial report have been approved by the Company's Board of Directors.

The Company complies with its CSE listing agreement. The Company maintains an adequate system of internal accounting and administrative controls to provide reasonable assurance that the Company's financial information

is accurate and that the assets correctly accounted for. Company management has sought the advice of legal and financial professionals for advice on establishing a rigorous system of system of internal accounting and administrative controls to provide assurance that its reported financial information is relevant, reliable and accurate and that the assets of the Company are correctly accounted for and protected.

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

This MD&A was prepared on April 6, 2016.

Vancouver, BC

*/s/ Rob Riley*

Rob Riley,

President