

# High Hampton Holdings Corp.

(Formerly Herbal Clone Bank Canada Inc.)

## MANAGEMENT'S DISCUSSION AND ANALYSIS For The Period Ended November 30, 2016

### INTRODUCTION

This management discussion and analysis ("**MD&A**") of the Company covering the three month period ended November 30, 2016 is prepared as of January 29th, 2016. This MD&A reviews and summarizes the activities of High Hampton Holdings Corp. (the "Company") the financial results for the three month period ended November 30, 2016 with historical information. This information should be read along with the Company's audited consolidated financial statements for the period ended November 30, 2016 and related notes attached thereto, which were prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts herein are stated in Canadian dollars unless otherwise indicated.

### 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 that was acquired by the Company by way of a reverse takeover on August 31, 2014. THC had made application with Health Canada in 2013 to become a Licensed Producer under (and as defined in) the *Marihuana for Medical Purposes Regulations* (the "**MMPR**")<sup>1</sup>.

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<sup>1</sup> Health Canada's MMPR was recently modified on August 24, 2016 and renamed *Access to Cannabis for Medical Purposes Regulations* (ACMPR) but for the purposes of this MD&A, the acronym MMPR will be used to refer to the current Health Canada regulations.

THC's business objective was initially to supply vegetative (first growth) stage cannabis to Licensed Producers enabling 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. THC's business plan also anticipated the development of a horticultural facility in Okanagan Falls, British Columbia from which specific services were to be provided including propagation, direct cultivation and sale of purebred cultivars optimized for medical purposes; cloning; marijuana strain storage and database maintenance. Although THC's MMPR license application was submitted to Health Canada in November 2013, the application did not proceed to the final stages and no facility was ultimately built. Consequently, during the fiscal year ended August 31, 2016, the Company commenced investigation into alternative avenues of entry into the medical and/or retail marijuana industry.

## **SIGNIFICANT EVENTS, TRANSACTIONS AND ACTIVITIES**

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

During the Company's last fiscal year, with the increasing uncertainty in the laws and regulations relating to the marijuana industry in Canada and the lengthy application processes and wait times involved in obtaining an MMPR license, the Issuer eventually ceased the active pursuit of its own license and commenced investigation into available marijuana-related business opportunities. On September 28th, 2015, the Company announced the acquisition of an on-line marijuana industry-focused social and business network. However, on October 8, 2015 after further due diligence, the Company cancelled the transaction. Throughout the year, Company management continued to investigate potential revenue-generating opportunities and is currently engaged in discussions with several cannabis-related businesses seeking to enter the public marketplace. Current management continues to assess viable marijuana ventures with a view to an acquisition of or strategic alliance 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. Any fundamental change in the Company's business will require appropriate regulatory filings and pre-approval of the CSE.

### ***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.

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

During the fiscal year ended August 31, 2016, the Company settled accounts payable and accrued liabilities of \$150,000 through the issuance of 3,000,000 common shares of the Company.

### ***Debt Settlements for Reduced Cash Payments***

During the fiscal year ended August 31, 2016, the Company entered into Debt Settlement Agreements with certain trade creditors for reduced cash payments whereby accounts payables totaling \$155,019 were reduced to \$76,679 and the remaining debt of \$78,340 was forgiven.

In addition, at the end of the Company's 2016 fiscal year, the Company entered into Debt Settlement Agreements with its key management personnel whereby accrued management fees totaling \$163,400 were reduced to \$2,750 and the remaining debt of \$160,650 was forgiven.

Accordingly the Company recorded an aggregate gain on debt settlements of \$238,990 during the year ended August 31, 2016.

### ***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. Mr. Cherry resigned on November 22, 2016 and was succeeded by Rukie Liyanage, CPA, CA as Chief Financial Officer of the Company

### ***Proposed Private Placement***

On January 14, 2016, the Company announced that it proposed to raise up to \$200,000 by way of a non-brokered private placement of up to 4,000,000 units of the Company at a price of \$0.05 per unit; each unit consisting of one common share and one non-transferable common share purchase warrant exercisable at a price of \$0.05 per share for a period of 24 months from the closing. Subsequent to the end of the Company's 2016 fiscal year, the Company announced an increase and amendment to the proposed units offering. As of the date of the issuance of this MD&A, the private placement is still in process.

### ***Revocation of Cease Trade Order***

On January 18, 2016, a BC Securities Commission cease trade order was imposed pending correction of the Company's 2015 annual financial statements. Upon filing of Amended and Restated audited financial statements for the year ended August 31, 2015 and unaudited financial statements for the first fiscal quarter of 2016, the cease trade order was revoked effective April 6, 2016 allowing resumption of trading of the Company's shares. However, the Company's shares remain halted by the CSE pending filing of all required reports.

### **Mineral Property Interests**

The Company still holds a 100% interest in two contiguous mineral tenures known as the Rainbow Claim Group comprising 317.64 hectares located approximately four kilometers northwest of the community of Midway in south central British Columbia and known as the Rainbow Claim Group. The Company maintains good standing on the property's mineral titles but ceased all mining exploration activities in 2014. All costs associated with these properties were previously written off by the Company and, as at November 30, 2016, the Company had no restoration and environmental obligations with respect to its mineral claims. The Company intends to sell the Rainbow Claim Group to a third party.

### **Subsequent Events**

#### ***Private Placement***

On January 5, 2017 – High Hampton Holdings Corp. announced that it has completed its previously announced private placement oversubscribed for total gross proceeds of \$2,081,500. Pursuant to the Offering, the Company issued 41,630,000 units at a price of \$0.05 per Unit. Each Unit consists of one common share in the capital of the Company and one half of one common share purchase warrant with each Warrant being exercisable to acquire one common share of the Company at a price of \$0.05 until January 3, 2019.

The Corporation settled an additional \$150,000.00 of debt through the issuance of 1,500,000 Units of the Company at a price of \$0.05 per Unit share with an arms-length creditor. In connection with the Offering, the Company paid finder's fees of \$106,160 in cash and issued 2,043,200 non-transferable brokers warrants, with each Brokers Warrant being exercisable to acquire one common share of the Company at a price of \$0.05 until January 3, 2019. All of the securities issued in connection with the Offering and Debt Settlement are subject to a hold period expiring on May 4, 2017.

## **DISCUSSION OF OPERATIONS**

The following discussion and analysis of the operating results and financial condition of the Company should be read in conjunction with the Company's Audited Consolidated Financial Statements and notes thereof for the period ending November 30, 2016.

The Company is still an early stage company and has earned only nominal consulting revenues since inception. During the period ended November 30, 2016, the Company received revenues of \$Nil. After receiving CSE approval for a change of business, the Company awaited its "permit to build" document from Health Canada which was a required phase in its application for an MMPR license. However, the lengthy application process and inordinate wait times involved in obtaining the legal right and license to carry on business in the marijuana sector has hindered and delayed the Company in its efforts to enter that market and generate revenues from marijuana-related activities.

During the 2016 fiscal year, the backlog of MMPR license applications at Health Canada continued to increase and with no assurance of a grant of an MMPR license to operate in the marijuana sector, management began to seek alternative opportunities in the marijuana industry in Canada, as well as in the United States where the laws have changed regarding commercialization of marijuana-related activities. None of these recent initiatives have yet progressed beyond the discussion stage.

As at November 30, 2016, the Company had current assets of \$145,731 which was in cash and GST recoverable. In addition, there were current liabilities in the amount of \$372,795 which was comprised of accounts payable of \$96,678, loans payable totaling \$168,367, and \$82,750 owing to directors and former directors.

**SUMMARY OF QUARTERLY RESULTS**

The table below summarizes the financial results for each of the Company's eight most recently completed quarters. The following financial data has been prepared in accordance with IFRS and all figures are stated in Canadian dollars.

| <b>Financial results:</b>        | <b>(3 Months)</b> | <b>(3 Months)</b> | <b>(3 Months)</b> | <b>(3 Months)</b> |
|----------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                  | <b>Nov 30,</b>    | <b>Aug 31,</b>    | <b>May 31,</b>    | <b>Feb 29,</b>    |
|                                  | <b>2016</b>       | <b>2016</b>       | <b>2016</b>       | <b>2016</b>       |
| Net(loss) profit for the period  | -3,191            | -17,851           | -75,597           | -57,097           |
| Basis and diluted loss per share | \$0.00            | \$0.00            | \$0.02            | \$0.02            |
| <b>Balance sheet data:</b>       |                   |                   |                   |                   |
| Cash                             | 127,289           | 5,480             | 888               | -                 |
| Total Assets                     | 145,731           | 23,922            | 92,297            | 88,731            |
| Shareholder' Equity(deficit)     | -227,064          | -223,873          | -391,821          | -316,224          |

| <b>Financial results:</b>        | <b>(3 Months)</b> | <b>(3 Months)</b> | <b>(3 Months)</b> | <b>(3 Months)</b> |
|----------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                  | <b>Nov 30,</b>    | <b>Aug 31,</b>    | <b>May 31,</b>    | <b>Feb 28,</b>    |
|                                  | <b>2015</b>       | <b>2015</b>       | <b>2015</b>       | <b>2015</b>       |
| Net(loss) profit for the period  | -54,000           | -116,254          | -90,616           | -214,062          |
| Basis and diluted loss per share | \$0.02            | \$0.00            | \$0.00            | \$0.00            |
| <b>Balance sheet data:</b>       |                   |                   |                   |                   |
| Cash                             | -                 | -                 | 36,694            | 67,632            |
| Total Assets                     | 8,702             | 83,375            | 120,329           | 225,944           |
| Shareholder' Equity(deficit)     | -149,681          | -205,030          | -88,776           | 1,840             |

During the three month period ended November 30, 2016 there were limited operations. The Company had no source of revenue during Q1 2017. The Company will operate at a loss unless and until it is able to acquire a revenue-producing asset and/or merge or joint venture with a revenue-producing venture. The Company will require additional financing in order to fund due diligence expenditures and cover its general and administrative costs.

**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, 2016, the Company's shareholders' deficit was \$227,064.

As at November 30, 2016, the Company had not yet achieved profitable operations and expects to incur further losses in the development of its business objectives, all of which may cast significant doubt about the Company's ability to continue as a going concern. As at November 30, 2016, the Company's current resources are not

sufficient to settle its current liabilities. The Company had working capital deficiency of \$227,064 as at the end of the period. 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 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 month period ended November 30, 2016, the Company incurred the following expenses payable as compensation to directors, officers and companies that are controlled by directors of the Company:

##### ***Key management personnel compensation***

|                 | Quarter Ended<br>November 30, 2016 | Quarter Ended<br>November 30, 2015 |
|-----------------|------------------------------------|------------------------------------|
| Management fees | -                                  | 45,000.00                          |

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include directors, the chief executive officer and chief financial officer.

As at November 30, 2016, the Company has a balance payable of \$107,750 to related parties, which is due on demand, unsecured and is non-interest bearing.

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

Note 3 of the Company's Audited Consolidated Financial Statements for the period ended November 30, 2016 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 as at November 30, 2016 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 as at November 30, 2016.

#### ***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, 2016, the Company did not have any significant interest rate risk.

The Company had no interest rate swap or financial contracts in place as at November 30, 2016.

## **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, 2016. 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 November 30, 2016:

|                           | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> |
|---------------------------|----------------|----------------|----------------|
| Cash and cash equivalents | \$ 127,289     | \$ -           | \$ -           |

## **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 has no outstanding commitments.

## **OTHER MD&A REQUIREMENTS**

The authorized capital of the Company consists of an unlimited number of common shares without par value of which 3,033,423 common shares are issued and outstanding as of November 30, 2016.

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.



No stock options and no share purchase warrants were issued by the Company in the 2016 fiscal year.

As at November 30, 2016, there were no share purchase warrants and no stock options outstanding.

**MANAGEMENT COMMENTS**

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. Current management intends to establish a rigorous system of system of internal accounting and administrative controls to ensure 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 approved on January 29, 2016.

Vancouver, BC

*/s/ Rukie Liyanage*  
Rukie Liyanage,  
Chief Financial Officer