HIGHHAMPTON

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2018

REPORT DATE – DECEMBER 28, 2018

Contents

1. INTRODUCTION

This management discussion and analysis ("**MD&A**") of the Company covering the year ended August 31, 2018 is prepared as of December 28, 2018. This MD&A reviews and summarizes the activities of High Hampton Holdings Corp. (the "Company") and supports the financial results for the year ended August 31, 2018 with historical information. This information should be read along with the Company's consolidated financial statements for the year ended August 31, 2018, 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. Our financial statements and the management's discussion and analysis are intended to provide a reasonable base for the investor to evaluate our financial situation.

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.

Stock Exchanges

High Hampton trades in Canada, ticker symbol HC on the CSE, and in Europe, ticker symbol 0HCN on the FSE. Neither the CSE, nor the FSE has approved nor disapproved the contents of this MD&A. Neither the CSE, nor the FSE accepts responsibility for the adequacy or accuracy of this MD&A.

Marijuana Industry Involvement

Canadian listings (CSE) will remain in good standing as long as they provide the disclosure that is required by regulators and complying with applicable licensing requirements and the regulatory framework enacted by the applicable state in which they operate. Marijuana is legal in certain states, however, marijuana remains illegal under US federal law, and the approach to enforcement of US federal law against marijuana is subject to change. Shareholders and investors need to be aware that adverse enforcement actions could affect their investments, and that High Hampton's ability to access private and public capital could be affected and or could not be available to support continuing operations.

2. 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", on the Frankfurt Exchange under the symbol "FSE: 0HCN" and on the USA: OTC under the symbol HHPHF.

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")[1]. However, the application did not proceed to the final stages and the Company pursued other means of entering the industry.

As of August 31, 2018, the Company operated four wholly owned subsidiaries in the US; CoachellGro (Coachella, California), Bravo Distribution/8 Points Management (West Sacramento, California), HS-Airways/CALIGOLD (Sacramento, California), and 420 Realty (Cudahy, California).

A fifth wholly owned subsidiary, Mojave Jane (Coachella, California) was acquired in November 2018.

Together, these companies provide High Hampton with access to the cultivation, distribution, manufacturing, retail, and processing aspects of the cannabis industry, with reach throughout the lucrative Southern California and Northern California markets. They also give the Company the ability to control its supply chain and manage production from the plant to the consumer, insulating it from fluctuations on the supply and cost side of the business.

All of the wholly owned subsidiaries have either received or applied for local regulatory permits and state licenses. Each subsidiary will operate in full compliance with California's regulatory and tax environments.

The business of the Company is focused on delivering shareholder value by building the brands of the subsidiaries and enabling them to thrive and grow in California. The Company also streamlines common or shared functions across the portfolio that are necessary to each business but separate from their areas of expertise (e.g., financial services, compliance, etc.). Further, the Company continues to evaluate and develop areas of the cannabis market in the US that can build its breadth of products, brands, and distribution points.

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[1] 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.

3. ANNUAL REVIEW

New Business Opportunities

During the year ended August 31, 2018, the Company investigated numerous opportunities to partner with and/or acquire California-based cannabis businesses. During the period, the Company completed acquisitions of three properties, HS-Airways/CALIGOLD, Bravo Distribution/8Points Management, and 410 Realty. The company also prepared to close on a fourth property, Mojave Jane, in November 2018.

Board and Management Changes

The Company's needs from executives and directors evolved during the year from an early focus on licensing and acquisitions to a need for operational expertise. As a consequence, the Company's management team and board also changed during the year to reflect those new priorities and needs.

On October 25, 2017, the Company's board of directors appointed Fiona Fitzmaurice as Chief Financial Officer of the Company following the resignation of Rukie Liyanage.

On December 11, 2017, the Company's board of directors appointed David E. Argudo as Chief Executive Officer of the Company. Argudo has been an invaluable asset to the Company in not only facilitating the application process for the Conditional Use Permit ("CUP") for its wholly owned CoachellaGro asset within the Coachella cultivation zone but has also been instrumental in setting the direction and creating the strategy in order to consolidate the cannabis industry in California through targeted acquisitions.

On January 23, 2018, Brendan Purdy resigned as director of the Company. The remaining board elected Fiona Fitzmaurice to the board of directors to fill the vacancy.

On March 16, 2018, Paul Mann joined the Company as Chief Operations Officer.

On April 10, 2018, High Hampton retained Marc J. Ross, Esq., of Sichenzia Ross Ference Kesner LLP, as the Company's U.S. Cannabis Legal Counsel.

On June 18, 2018, the Company appointed Robert Allen to its board of directors and added Thomas Sykes as Senior Human Resources Manager. Fiona Fitzmaurice resigned from the board of directors as well.

Subsequent to the year end the following board and management changes occurred:

On October 16, 2018, High Hampton announced the resignation of David E. Argudo from his position as CEO and the appointment of Christian Scovenna as the Interim CEO. Mr. Argudo continues to serve the Company as a consultant.

On October 22, 2018, Cam Birge was appointed to the High Hampton board of directors as an independent member.

On November 15, 2018, High Hampton announced the appointment of Gary Latham as the Company's new Chief Executive Officer and Tom Baird as the Chief Operations Officer. Gary and Tom are experienced executives with successful track records building and operating complex businesses in the US and abroad. Both bring M&A

experience from both sides of the table, and both have operated in California's legal cannabis market for the past several years. Gary and Tom join the Company after founding and building Mojave Jane, since acquired by the Company.

Significant Events

On December 1, 2017, the Company's board of directors approved the implementation of a restricted share unit plan (the "RSU Plan"), fixed stock option plan (the "Fixed Plan, and grant of an aggregate of 2,550,000 restricted share units pursuant to the RSU Plan (each, an "RSU"). Under the RSU Plan, eligible persons may (at the discretion of the Board) be allocated a number of RSUs as the Board deems appropriate, with vesting provisions also to be determined by the Board, subject to a maximum vesting term of three (3) years from the end of the calendar year in which RSUs were granted. Upon vesting, eligible participants shall be entitled to a cash payment equal to the number of RSUs granted, multiplied by the fair market value of the Company's common shares on the redemption date. The Company shall also have the option (at the discretion of the Board) to settle amounts owing to eligible persons via the issuance of common shares of the Company.

The Fixed Plan replaced the Company's "rolling" stock option plan. The Fixed Plan allows the board of directors to grant up to an aggregate of up to 10% stock options of the Company to encourage equity participation among senior officers, employees, consultants and directors through the acquisition of Common shares of the Company. The Fixed Plan was approved by the Company's shareholders at its the Company's 2017 annual meeting of shareholders.
On January 23rd, 2018 the Company applied for its OTCQB listing, in response to increased interest from U.S. investors and to ensure continued trading liquidity for the Company's common shares across different markets in North America. The Company also announced that its CFO Fiona Fitzmaurice has been appointed as a Director to the High Hampton board. Brendan Purdy resigned from his position as Chairman and Director of the board to focus on his law practice and future endeavors'.

In March, 2018 the Company announced that, further to its news released on February 9th, 12th and March 8th, 2018 it successfully closed its non-brokered private placement of 31,703,565 units of the Company at a price of $0.60 per unit for gross proceeds of approximately $19 million. Each Unit consists of one common share of the Company (each a "Common Share") and one Common Share purchase warrant (each a "Warrant"). Each Warrant entitles the holder thereof to purchase one additional Common Share at an exercise price of $0.90 for a period of 24 months following the closing of the Offering.

The Company intends to use the net proceeds to complete phase one of its Coachella development, finance strategic growth opportunities, and for general and corporate purposes.

In connection with the Offering, the Company paid to eligible finders approximately $1,213,286 in cash and issued 1,863,814 non-transferable finder's warrants (the "Finder's Warrants"). Each Finder's Warrant entitles the holder thereof to acquire one Common Share at an exercise price of $0.90 for a period of 24 months following the closing of the Offering.

Five insiders of the Company subscribed for 840,000 units, which constitutes a "related party transaction" within the meaning of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("MI 61-101"). The issuance to the insider is exempt from the formal valuation and the minority shareholder approval requirements of MI 61-101 as the fair market value of the units issued to or the consideration paid by such person did not exceed 25% of the Company's market capitalization.

All securities issued in connection with the Offering are subject to a four-month hold period expiring July 14, 2018.

On April 10th, 2018, the Company announced the new appointment of US Cannabis Legal Counsel, Marc J. Ross of Sichenzia Ross Ference Kesner LLP out of NYC. Marc brings a wealth of knowledge specializing in Cannabis companies and teaches the first Law school course on Cannabis at Hofstra University School of Law.

On April 18th, 2018, the Company signed its first binding Letter of Intent ("LOI") to acquire 100% of all outstanding shares of award-winning California edibles Cannabis company "CALIGOLD". Under the terms of the deal upon closing; In consideration for all the issued shares of CALIGOLD, the shareholders will receive 7,200,000 shares in the capital of High Hampton (the "High Hampton Shares") with shares being subject to escrow and released on certain dates or conditions (the "Share Exchange").

In connection with the signing of the LOI, High Hampton agreed to commit at least US$2.6 million towards CALIGOLD's product development, marketing and sales and working capital for the first 12 months.

High Hampton and CALIGOLD successfully closed the Acquisition on July 31, whereas, in consideration for all the issued shares of CALIGOLD, the shareholders of CALIGOLD received 13,090,905 shares in the capital of High Hampton and such shares are subject to escrow and released on certain dates or conditions. Pursuant to the Transaction, High Hampton made available US$2.6 million to CALIGOLD to further its product development, marketing, sales and working capital.

CALIGOLD is crafting America's finest quality cannabis product combining art and science to deliver innovative creations and adhere to important industry standards in consistency, dosing accuracy, and compound formulation. In 2014, Daniel Hood, an artisan chocolatier, noticed a gap in the cannabis chocolate market. By introducing consumers to gourmet ingredients and strain-specific infusions, CALIGOLD took the edible market by surprise. CALIGOLD chocolate won 1st place at HempCon in 2014 for best edible then again at Edibles List Magazine in 2017 for their THCa chocolate. Recently, CALIGOLD has also announced other THC, THCa and CBD products to further diversify its innovative product line.

On May 2, 2018, the Company announced that it had entered into a binding term sheet to acquire all membership interests of 8 Points Management LLC and Bravo Distro LLC including the control of a strategic distribution hub in Sacramento as part of the Company's objective to build a strong cannabis distribution network across California.

On June 7, 2018, the City of Coachella ratified the approval of a Conditional Use Permit (CUP) for High Hampton's CoachellaGro Operation to cultivate Cannabis. The CUP enables the Company to move forward at will with the next stages of design and development of the property.

On June 21, 2018, the Company acquired all the membership interests of 420 Realty, LLC (the "Acquisition"). 420 Realty, LLC ("420") has applied for multiple permits to vertically integrate in the City of Cudahy, CA (Greater Los Angeles Area), for a Development Agreement (DA) including cannabis cultivation, nursery, manufacturing, delivery, and distribution licenses on a single parcel location.

All membership interests of 420 were purchased for a total of USD$6,550,000 (the "Purchase Price"). The Purchase Price was satisfied by a cash payment of USD$500,000 and the issuance of 8,047,099 common shares of the Company (the "Payment Shares") at a deemed price of CAD$1.00 per Payment Share.

One insider of the Company, the CEO acquired 3,428,066 Payment Shares, which constitutes a "related party transaction" within the meaning of Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("MI 61-101"). The issuance to the insider is exempt from the formal valuation and the minority shareholder approval requirements of MI 61-101 as the fair market value of the Payment Shares issued to or the consideration paid by such person did not exceed 25% of the Company's market capitalization.

All Payment Shares issued in connection with the Acquisition are subject to a voluntary escrow period expiring December 21, 2018, except for the Payment Shares issued to the insider which are subject to a voluntary escrow period expiring on December 21, 2018 and June 21, 2019.

On July 10, 2018, High Hampton successfully closed the acquisition of 8 Points Management LLC and Bravo Distro LLC.

All membership interests of 8 Points Mgmt LLC and Bravo Distro LLC were purchased for a total of $3,906,000 (the "Purchase Price"). The Purchase Price was satisfied by the issuance of 4,200,000 common shares of the Company (the "Payment Shares") at a deemed price of CAD$0.93 per Payment Share. All Payment Shares issued in connection with the Acquisition are subject to a statutory hold period of 4 months expiring November 10th, 2018, and are held in escrow with 50% of the Payment Shares released 12 months from the closing date of the Acquisition, subject to meeting certain conditions, and the remaining 50% Payment Shares released 24 months from the closing of the Acquisition, subject to meeting certain conditions.

8 Points Management LLC will serve the cannabis industry with sales, marketing, transportation, and supply chain management services through its subsidiary Bravo Distro LLC. Bravo's customers include California storefront dispensaries, delivery services, and chain stores, as well as non-retail accounts of cannabis such as manufacturers, cultivators, and the emerging CBD medical market of clinics, universities, research, veterinary, and other sciences with an expanding customer base. Collaborating with state agencies, taxation councils, and legislators, Bravo represents distribution done right. Bravo enters the market as one of the most viable distribution options with statewide sales, marketing, delivery, compliance measures, technology, and most importantly, an incredibly talented team assembled of industry experts and resources.

On July 16, 2018, the Company announced that it has engaged leading global greenhouse design firm Aurora Larssen Projects Inc. ("ALPS") for the design and support of its CoachellaGro Cannabis Cultivation Facility. ALPS is a wholly owned subsidiary of Aurora Cannabis Inc. (ACB.TSX).

Larssen Ltd ("Larssen"), now ALPS, was acquired by Aurora as a dedicated hybrid greenhouse design and consulting arm for its global operations. Led by renowned engineer Thomas Larssen, ALPS has set the industry standard in high-tech, automated, environmentally controlled cultivation facilities for over 30 years and excels in the successful implementation of cutting-edge automation features, and proprietary design characteristics that generate exceptional yields, as well as the use of advanced energy efficient materials and technologies. Larssen has been involved with over 1,000 projects around the globe, including Aurora Sky, a high-technology, 800,000 square feet, 100,000 kg per annum, low production cost hybrid facility, and is currently engaged with over 15 cannabis industry clients globally, including 5 Canadian licensed producers.

Subsequent to the year end, the following significant events occurred:

On October 3, 2018, High Hampton announced that it has secured 7 Megawatts of power for its CoachellaGro facility pursuant to a Will Serve Letter from the Imperial Irrigation District ("IID") with a confirmation to accommodate the CoachellaGro cultivation facilities through an existing transmission line along Harrison Street where the CoachellaGro operations are located.

On October 23, 2018, High Hampton entered into a binding Letter of Intent (the "LOI") with Mojave Jane, LLC ("Mojave Jane") to acquire 100% of all of the issued and outstanding member interests of Mojave Jane (the "Acquisition").

Mojave Jane is a California licensed manufacturer of premium cannabis extracts and concentrates for the California markets. Based in Coachella, CA, and licensed for volatile and non-volatile manufacturing, Mojave Jane currently utilizes state of the art CO2 extraction technologies and proven distillation techniques to create products for both recreational and medical cannabis users. Mojave Jane's management team includes an accomplished group of business executives with experience in starting, growing, and selling companies, combined with hands-on commercial cannabis experience. Mojave Jane is a key part of the Coachella Valley's growing cannabis economy and supports distribution throughout California.

The Acquisition will provide High Hampton with the means to produce high value "white label" and branded extracts for distribution across the California markets, produce near-term revenue that will fuel profitability and growth across the High Hampton portfolio, bring experienced executive management and operators to the High Hampton team; and establish a foundation for the full integration of High Hampton's portfolio companies and create the means to achieve substantial growth in the adult use market and the ability to develop cannabis-based medical/therapeutic solutions that make a difference in peoples' lives.

The LOI stipulates the exchange of 100% of Mojave Jane's issued and outstanding member interest for common shares of High Hampton (the "High Hampton Shares") for a total purchase price of approximately US$3,500,000. The High Hampton Shares will be issued at a deemed price of $0.51. Pursuant to the terms and conditions of the LOI, High Hampton will also commit up to US$1,100,000 to Mojave Jane for expansion of its manufacturing capacity, marketing, sales and working capital.

High Hampton and Mojave Jane expect to enter into a definitive agreement on or before October 31, 2018 and the Acquisition is expected to close by November 16, 2018 subject to a number of customary closing conditions, including, but not limited to, the approval of the Canadian Securities Exchange (the "CSE"), approval of the Board of Directors of the Company, as well as, completion of due diligence investigations to the satisfaction of each party.

High Hampton and Mojave Jane closed the Acquisition on November 12, 2018, whereas, pursuant to the terms of the Acquisition, all of Mojave Jane's issued and outstanding member interests were exchanged for 8,974,352 common shares of High Hampton (the "Share Exchange") with the shares being subject to escrow until certain milestone conditions are met, triggering a staggered share release. High Hampton also committed up to US$1,100,000 to Mojave Jane for expansion of its manufacturing capacity, marketing, sales and working capital.

4. 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 condensed consolidated financial statements and notes thereof for the year ended August 31, 2018.

During the year ended August 31, 2018 there were limited operations. The Company had no source of revenue during the period. The Company will operate at a loss unless and until CALIGOLD and Mojave Jane become fully operational, expected to occur in Q1 of 2019. Additional revenues will be added throughout 2019 as CALIGOLD and Mojave Jane grow, and as Bravo Distro begins operations. The Company will require additional financing in order to fund CoachellaGro and cover its general and administrative costs.

The operations of the Company, as they evolve throughout 2019 and beyond, will include all aspects of the cannabis business in California.

Starting with cultivation (CoachellaGro), the Company will develop cultivation capacity that is scaled to market demands for quantities and strains (genetics). Post cultivation, the Company will prepare flower for the retail market and secondary biomass for extraction. In December 2017 the Company accomplished several steps to de-risk its CoachellaGro operation: a positive Geotechnical investigation and infiltration study on the Company's proposed cannabis cultivation facility ("CoachellGro") in the Coachella cultivation zone; a favourable Environmental Site Assessment (ESA); comprehensive results from CEQA ("California Environmental Quality Act") as a final stage in the environmental approval process as part of the ongoing application for a Conditional Use Permit where no adverse conditions were found that could negatively impact the CUP application process.

Mojave Jane will acquire biomass from CoachellaGro (and supplemental cultivation partners as needed), and extract that material through both volatile and non-volatile processes. Products delivered by Mojave Jane will include, but are not limited to clear distillate, concentrates, and products that deliver those distillates and concentrates to consumers (e.g., vape pens, shatter, etc.). Mojave Jane's will continue to go to market with white label and branded products, scaled to market demands. Mojave Jane will ship product and produce revenue in Q1 2019.

CALIGOLD will continue to develop and produce California's highest quality edible products, including chocolate bars, drinking chocolates, chocolate covered edibles (e.g., nuts), and concentrates. CALIGOLD will acquire source materials (distillates) from Mojave Jane and supplemental partners as needed. Important to CALIGOLD's brand values, their products will continue to be strain specific, and will focus first on the qualities and characteristics of the cannabis. The finest chocolates will continue to be sourced from Colombia. CALIGOLD will ship product and produce revenue in Q1 2019.

420 Realty will develop the Company's property in Cudahy, California to support manufacturing, distribution, processing, non-storefront retail (delivery), and boutique (R&D) cultivation. From this location, Mojave Jane, CALIGOLD, and Bravo Distribution will serve Southern California markets. This location is scheduled to become operational in Q3 2019.

Distribution will be critical to the Company's enduring position in the California market. Bravo Distribution will operate from its West Sacramento headquarters to serve Northern California, and from the Cudahy location to serve Southern California. Bravo is the place where all of the Company's wholly owned subsidiaries meet to reach the market. Bravo Distro anticipates operations and revenue beginning in Q3 2019.

As at August 31, 2018, the Company had current assets of $16,624,153. In addition, there were current liabilities in the amount of $2,194,891 which was comprised of accounts payable of $1,672,677, loans payable totaling $66,465, deferred rent liability of $59,951 and $395,798 owing to management team, directors and former directors.

5. SELECTED FINANCIAL INFORMATION

(expressed in canadian dollars)		Year Ended August 31,	
	2018	2017	2016
Office and general	552,145	81,481	14,401
Advertising and promotion	1,886,520	24,014	-
Management fees	1,526,748	5,425	213,000
Professional fees	2,450,894	731,358	175,447
Communications and travel	370,200	26,157	-
Amortization	259,741	-	-
Bad Debt	68,854	-	-
Interest Income	(37,550) -	5,049	-
Foreign Exchange Loss (Gain)	188,853	3,807	-
Debt Settlement Loss (Gain)	-	(75,000)	(234,912)
Interest Expense	139,006	9,763	907
Share-based compensation	1,787,035	-	-
Net loss	(9,176,972)	(801,956)	(168,843)
Net loss per share - basic and diluted	(0.18)	(0.13)	(0.06)
Cash flow used in operations	(6,997,531)	(486,699)	(222,671)
Cash and cash equivalents	15,078,822	4,978,685	5,480
Working Capital	14,429,262	4,642,676	(223,873)

Year ended August 31, 2018 Compared to Year ended August 31, 2017

Office and General

	Year Ended August 30,	
	2018	2017
Salaries	118,690	-
Insurance	10,103	-
Administration and other expenses	331,233	17,372
Regulatory and shareholder filing fees	92,119	27,332
Total	$ 552,145	$ 44,704

Administration and other expenses

Administration expenses were significantly higher than the comparable year. This increase was primarily due to increase in rent and general office expenses as a result of opening an office in Los Angeles. Also increase in IT expenses due to hardware and software upgrades. The increased number includes all administration and office expenses for the Company's subsidiaries that were acquired during the year. The inclusion of 420 Realty, Bravo Distro and CaliGold's administrative and other expenses accounted for 20% of the increase overall.

Regulatory and Shareholder filing fees

There was an increase in regulatory and shareholder filing fees compared to the prior year due to the closing of the acquisitions of 420 Realty, Bravo Distro and CaliGold. This mainly consisted of transfer agent fees related to these corporate transactions that occurred during the year ended August 31, 2018.

Advertising and Promotion

During the year ended August 31, 2018, advertising and promotion was significantly higher than the comparable year due to continued investment in the Company's brand building initiatives and public relations.

Professional Fees

	Year Ended August 31,	
	2018	**2017**
Consulting fees	1,879,487	525,571
Legal fees	458,582	153,657
Audit fees	112,824	52,129
Total	$ 2,450,894	$ 731,357

Consulting, Legal and Audit fees

Consulting fees consists of management consultants, business development consultants and communication consultants. Legal and audit fees are related to compliance and other legal costs related to business development initiatives and financings. During the year ended August 31, 2018 audit, legal and accounting fees related to external financial reporting as well as consulting and legal fees, were significantly higher than the comparable year due to the acquisitions of 420 Realty, Bravo Distro and CaliGold.

Communications and Travel

Communications and travel costs consists of conferences, trade shows, flights, accommodation, vehicle costs and meals. For year ended August 31, 2018 there was a significant increase in communication and travel costs compared to the prior year due to an increase in travel by senior management and consultants in relation to the development of the Company's Coachella property in the United States, due diligence on potential business acquisitions and an increase in various conferences and trade show attendance.

6. SUMMARY OF QUARTERLY RESULTS AND REVIEW OF THREE MONTHS ENDED AUGUST 31, 2018

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.

The Company had a source of revenue during the year ended August 31, 2018. The Company will operate at a loss unless and until it is able to start producing revenue from its newly acquired subsidiaries, acquires a revenue-producing asset/business 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.

	2017/2018	2017/2018	2017/2018	2017/2018	2017/2018	2016/2017	2016/17	2016/2017
(expressed in canadian dollars)	Jun-Aug	Mar-May	Dec-Feb	Sept-Nov	Jun-Aug	Mar-May	Dec-Feb	Sept-Nov
Expenses	3,413,267	2,833,418	1,343,929	1,296,599	408,834	105,702	350,708	3,191
Unrealized gain on debt settlement	-	-	-	-	-	-	(75,000)	-
Net loss	(3,595,389)	(2,807,824)	(1,452,764)	(1,320,995)	(423,855)	(105,702)	(269,208)	(3,191)
Net loss per share - basic and diluted	0.01	(0.04)	(0.11)	(0.04)	(0.13)	0.00	(0.01)	0.00
Cash and cash equivalents	15,078,822	19,638,198	3,488,309	3,262,657	4,978,685	141,416	247,463	127,289
Assets	41,707,747	26,859,540	9,259,912	8,814,878	10,010,988	1,633,859	1,714,333	145,731
Working Capital	14,429,262	20,839,650	3,556,939	3,909,926	4,642,676	1,594,422	252,169	(227,064)

7. SUMMARY OF CASH FLOWS

(expressed in canadian dollars)	Year Ended August 31,	
	2018	**2017**
Cash used in operating activities	(6,997,531)	(486,699)
Cash used in investing activities	(3,520,751)	(2,711,541)
Cash provided by financing activities	20,618,419	8,171,445
	10,100,137	4,973,205

Operating Activities

For the year ended August 31, 2018 the Company had a cash outflow of $6,997,531 compared to a cash outflow of $486,699 in the prior year comparable period. This increase is due to an increase in corporate expenditures during the year such as consulting fees, professional fees, management fees and regulatory and shareholder filing fees.

Investing Activities

For the year ended August 31, 2018 and 2017 the Company had cash outflows of $3,520,751 and $2,711,541 as a result of cash advances made to acquired subsidiaries and land development costs.

Financing Activities

For the year ended August 31, 2018, proceeds of $17,579,893, net of transaction costs was provided by way of a private placement financing. Cash was also provided in financing from the exercise of warrants and stock options in the amount of $3,038,526. For the year ended August 31, 2017 $1,944,040 was provided by way of a non-brokered private, this was offset by Company loan payments of $1,453,618.

8. 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 August 31, 2018, the Company's shareholders' equity was $37,684,808.

(Expressed in Canadian Dollars)

As at August 31, 2018, 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 August 31, 2018, the Company's current resources were sufficient to settle its current liabilities. The Company had working capital surplus of $14.4 million as at the end of the year. 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. During the year, the Company completed a private placement financing for gross proceeds of $19 million. Proceeds from the private placement were used to fund the development of its Coachella property, business acquisitions and for working capital purposes. 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.

9. 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.

10. TRANSACTIONS BETWEEN RELATED PARTIES

During the year ended August 31, 2018, 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

	Year Ended August 31,	
	2018	**2017**
Management fees	1,526,748	5,425
Professional Fees	83,350	87,213
Stock-based compensation	1,065,590	-
Total	$ 2,675,688	$ 92,638

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 August 31, 2018, the Company has a balance payable of $395,798 to related parties, which is due on demand, unsecured and is non-interest bearing.

11. CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Note 3 of the Company's consolidated financial statements for the year ended August 31, 2018 sets out the Company's significant accounting policies. There have been no changes in the Company's accounting policies during the period.

12. 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's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign exchange rate, and commodity price risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents. Cash and cash equivalents consist of cash in bank accounts with reputable financial institutions with strong credit ratings which are closely monitored by management and in trust accounts with the Company's legal representatives.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at August 31, 2018, the Company had sufficient cash on hand to meet its current liabilities. The Company's accounts payable, due to related parties and loan payable have contractual maturities of less than 30 days and are subject to normal trade terms.

Market Risk

Market risk is the risk of loss that might arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

i) <u>Interest Rate Risk:</u>

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to limited interest rate risk as its secured convertible debentures bear fixed interest rates.

ii) Foreign Currency Risk:

The Company holds cash and cash equivalents in bank account denominated in United States dollars. Therefore, it is subject to risk in fluctuations in the exchange rate of the United States dollar. However, as at August 31, 2018, the balance in this account was nominal and therefore, any change in the Canadian dollar versus the United States would be insignificant.

13. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the development of the Company's land in Coachella, California and additional acquisition opportunities. 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 defines capital to include all components of its shareholders' equity.

The Company is not exposed to any externally imposed capital requirements. 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 year ended August 31, 2018.

14. CLASSIFICATION OF FINANCIAL INSTRUMENTS

The following is an analysis of the Company's financial assets measured at fair value as at August 31, 2018:

	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 15,078,822	$ -	$ -

15. 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.

16. COMMITMENTS

The Company's subsidiary Bravo Distro maintains a lease at a building located at 2545 Boatman Avenue, City of West Sacramento, California 95691. The lease expires on June 31, 2028 and can be extended by one year with an option term.

The Company's subsidiary 420 Realty LLC maintains a lease at a building located at 4311-4315 Santa Ana St., Cudahy, California 90201. The lease expires on July 31, 2027 and can be extended by five years with an option term.

(Expressed in Canadian Dollars)

The lease commitments for the above noted leases are as follows:

	$
Less than one year	567,864
Two to five years	2,444,050
Greater than five years	3,050,227
	6,062,141

17. OUTSTANDING SHARE INFORMATION

As at December 28, 2018	
Authorized	Unlimited
Issued and outstanding shares	103,928,316
Options outstanding	2,225,000
Warrants	38,585,362
Fully diluted	144,738,678

As at August 31, 2018	
Authorized	Unlimited
Issued and outstanding shares	94,893,464
Options outstanding	2,225,000
Warrants	38,645,862
Fully diluted	135,764,326

18. 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.