MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED

DECEMBER 31, 2015

Accompanying the December 31, 2015 Annual Audited Consolidated Financial Statements

New Age Farm Inc.
106 - 1641 Lonsdale Avenue
North Vancouver, BC V7M 2T5

This Management's Discussion & Analysis ("MD&A"), prepared as of April 27, 2016, is intended to be read in conjunction with the Company's annual audited consolidated financial statements for the year ended December 31, 2015, and related notes thereto, which have been reported in Canadian dollars, and prepared in accordance with International Financial Reporting Standards ("IFRS").

This MD&A is intended to assist in the understanding of the trends and significant changes in the financial condition and results of operations of New Age Farm Inc. ("New Age Farm," the "Company," "we," or "our") for the year ended December 31, 2015 and should be read in conjunction with the annual audited consolidated financial statements for the year ended December 31, 2015 (the "Audited Financial Statements").

Additional information, including news releases, has been filed electronically through the System for Electronic Document Analysis and Retrieval ("**SEDAR**") and is available under the Company's profile at www.sedar.com.

FORWARD LOOKING STATEMENTS

This MD&A contains certain forward-looking statements and information relating to the Company that are based on the beliefs of management as well as assumptions made by and information currently available to the Company. When used in this document, the words "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to the Company or management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued development of our real estate holdings, among others, including those identified in the Risk Factors section.. Such statements reflect the current views of management with respect to future events and are subject to certain risks, uncertainties and assumptions.

Readers are cautioned that these forward looking statements are neither promises nor guarantees, and are subject to risks and uncertainties that may cause future results to differ materially from those expected including, but not limited to completion of planned improvements at both the Canadian and US sites on schedule and on budget, the availability of financing needed to complete the Company's planned improvements on commercially reasonable terms, planned occupancy by the tenant-growers, commencement of operations, the ability to mitigate the risk of loss through appropriate insurance policies, and the risks presented by federal statutes that may contradict local and state legislation respecting legalized marijuana.

These factors should be considered carefully, and readers should not place undue reliance on forward-looking statements. The Company has no intention and undertakes no obligation to update or revise any forward-looking statements, whether written or oral that may be made by or on the Company's behalf.

NEW AGE FARM OPERATIONS

The Company was incorporated under the *Business Corporations Act* (British Columbia) on September 27, 2013, under the name 0981624 B.C. Ltd. as a wholly owned subsidiary of Five Nines Ventures Inc. ("Five Nines") for the purpose of completing a statutory plan of arrangement (the "Arrangement") with Five Nines. The Company subsequently changed its name to New Age Farm Inc. on April 10, 2014. On August 13, 2014, pursuant to the Arrangement we completed the acquisition of NHS Industries Ltd. ("NHS"), a private British Columbia company that has been engaged in agricultural land holdings and farm services since 2001. From an accounting perspective, NHS became the acquirer in a reverse-takeover transaction and the Company's consolidated financial statements are considered as a continuation of the financial statements of NHS.

The Company listed its common shares on the Canadian Securities Exchange and began trading under the symbol NF on August 18, 2014. The Company is also quoted on the Frankfurt Exchange under the symbol ONF and on the OTC under the symbol NWGFF.

The Company has two subsidiaries: one U.S. subsidiary, New Age Farm Washington, LLC (the "U.S. Subsidiary"); and one Canadian subsidiary, NHS Industries Inc.

Trends

Other than as disclosed in this MD&A, the Company is not aware of any trends, uncertainties, demands, commitments or events which are reasonably likely to have a material effect upon its revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.

General Development and New Age Farm's Business

New Age Farm is a start-up stage company with three properties in its agricultural land bank portfolio:

- the Langley Site owned by NHS;
- the Sumas Green Campus owned by our U.S. Subsidiary; and
- the Oroville Property owned by New Age Farm Inc.

New Age Farm intends to continue to grow its agricultural land bank and to operate farming campuses in Canada and the US that provide turnkey farming operations for its tenant-growers engaged in the production, processing and sale of luxury crops and value-added food products, including recreational marijuana grown under Washington State's Initiative 502 ("I-502"). The turnkey operations are designed to provide tenant-growers with all the infrastructure they require to operate a successful agribusiness for the crops of their choice. Additional processing facilities will be available for the tenant-growers and outside growers to use to process crops into finished products. At each stage of the process, from seed to sale, New Age Farm will be there to provide the support, infrastructure and guidance to its clients in the growing recreational marijuana and small scale production food industries.

More information about each of our properties follows.

The Langley Site

The Langley Site is a five and a half acre agricultural property located in Langley, BC with a 48,000 square foot greenhouse facility on site, capable of growing 2.4 million 4" potted plants per year; in place peat soil available for sale; and a residential property that is currently leased. The Company has so far completed a geotechnical report and begun to prepare the site for upgrades to the greenhouse and the eventual construction of a LEED certified warehouse and processing facility that can be shared by tenants and small producers for the processing, packaging and storage of finished value added food products that are either grown on site or brought in by local growers. The completion of these facilities at the Langley Site will allow the Company to generate near term cash flow through a modular and fee based approach that is designed to support small and medium producers.

Besides offering a higher return, value added products can open new markets, create recognition for a farm, expand the market season, and make a positive contribution to the community. The Langley Site will not only provide added value for grown plants; it will be a "green" facility operating with reduced energy costs and carbon neutral processes.

Washington State Properties

In 2015, we successfully expanded our property holdings into Washington State through the acquisition of properties in Sumas and Oroville.

The Sumas Green Campus

The Sumas Green Campus is a 2.69 acre parcel of land in Whatcom County, acquired for a total purchase price of US$289,000. The property is permitted for both agricultural and light industrial processing uses, currently contains two buildings totaling 6700 square feet and has sufficient room for expansion, with ample room for the construction of additional buildings. In order to assist the Company in financing the acquisition of the Sumas Green Campus, the Company entered into a second mortgage on the Langley Site as security. The principal amount of the mortgage is $400,000 with a term of one year at 15% annual interest. Should the Company repay the mortgage before it matures, it will incur a three month interest penalty.

The Company intends to build a turnkey facility on the Sumas Green Campus suitable for tenant-growers who hold I-502 tier three licenses for the growing and processing of recreational marijuana products. To date, we have signed leases with two tenant-growers who will occupy the facility as soon as it is ready. The Company has completed the perimeter fencing required under I-502, as shown in the photo. We will build all the required facilities, ensuring compliance with all the relevant I-502 regulations and our tenant-growers will each be provided with a turnkey facility to grow their crops.

The Oroville Property

Our second US property is located in Oroville, WA near the border with British Columbia. This expansion of our US holdings will allow us to accommodate up to three additional tier three licensees of up to one acre per tenant-grower. We have obtained written confirmation from local authorities that the Oroville Property is compliant with this anticipated usage. The Company expects to complete the facilities build out on the Oroville Property in the second quarter of 2016.

Exchange Listings and Investor Relations

The Company's shares have been listed on the CSE since August 2014. Since that time, we have also been listed for trading on the OTC under the symbol NWGFF and on the Frankfurt Exchange under the symbol ONF. In October, 2015 we engaged The Olibri Group as investor relations consultants to assist us with our investor communications strategy. The contract is for a period of twelve months and can be terminated by either party at any time.

QUARTERLY RESULTS

Three Months of Operations

During the three months period ended December 31, 2015, the Company incurred legal fees of $34,551 vs $72,729 in 2014, a decrease of 52%. Most of the acquisition of Sumas Campus and the Oroville Property and the preparation for the acquisition of interests in various tenants were performed from Q4 in 2014 to Q3 2015. There was less legal work done in Q4 of 2015.

Consulting fees of $248,153 incurred in 2015 was comparable to $190,937 in 2014. The increase of $57,216 or 30% was mainly due to audit adjustment in the last quarter which was related to adjustment for reclassification of expenses. The Company also incurred same directors' fees of $18,000 as in 2014.

The Company incurred insurance expense of $7,604 in 2015 vs $1,573 in 2014; a $6,031 or 383% increase. The increase was mainly due to payments for more insurance on the Sumas Property in 2015 and timing recognition issue in 2014.

Interest expense in 2015 increased from $7,171 to $50,534 by $43,363 or 605% increase. The main reason of increase was due to the additional interest expense payments of $5,000 per month on the second mortgage, interest expenses accrued for on the convertible debentures and interest paid on the seller note payable.

Accretion expenses in 2015 increased by $2,465 from $20,753 to $23,218 or 11.8% increase. The slight increase was due to a small extension in maturity date in one of the security debts which was converted into a convertible secured debt in previous quarter of 2015.

Advertising and promotion expense of $32,545 in 2015 was incurred vs $14,000 in 2014, an increase of $18,545 or 132%, in relation to promoting the Company as a public company. There was less such comparable expense incurred in 2014 as the Company only commenced trading as a public company in August of 2014.

The listing expense of $25,529 incurred in 2014 was as a result of listing the Company on CSE and there was no such expense in current period in 2015.

In 2014, the Company granted additional 1,400,000 stock options to officers and directors of the Company and incurred shared based payments of $54,800. The Company did not incur similar expense in current quarter of 2015.

The Company incurred transfer agent, listing and filing fees of $41,741 in 2015 vs. ($11,111) in 2015; an increase of $52,852 or 476%. The Company incurred additional listing expense in the last quarter of 2015 re listing on OTC market and on Frankfurt while there was a timing adjustment in last quarter of 2014.

The Company incurred foreign exchange loss of $11,838 vs $Nil in 2014. The foreign exchange loss was due to mainly more transactions in US currency in 2015 while there was no foreign currency transaction in 2014.

As explained in the description for twelve months operation, the Company incurred more travel expenses to US and to overseas in last quarter of 2015 and as a result, incurred travel expenses of $25,016 vs $Nil in 2014. It was also resulted from reclassification audit adjustment done in last quarter of 2015.

The office expense in 2015 was ($10,739) vs $5,500 in 2014. The negative adjustment in last quarter of 2015 was a result from audit adjustment to reclassify out of office expenses to other expenses such as travel.

The write down of $650,000 development costs was incurred in the last quarter of 2015 as result of annual impairment test. There was no such write down in 2014.

Twelve Months of Operations

Accretion expense of $88,663 was incurred compared to $81,179 in 2014 based on the accretion amortization calculation; an increase of 9.2% due to the accretion expenses only occurred in Q3 of 2014. Advertising and promotion expense of $41,095 was incurred mainly in promoting the company to the public with $14,000 incurred in 2014 or a 193% increase from 2014 due to the company only started incurring public relations expenses in Q4 of 2014 but a full year in 2015.

The Company incurred consulting fees of $1,966,479 in 2015 which includes $1,100,000 consulting fees paid by issuance of shares to various consultants advising on matters such as projects in Canada and USA and financing opportunities locally and internationally, consulting fees incurred to management of $442,000 vs $373,500 in 2014, $191,250 of fees incurred to an external consultant who were issued 2,000,000 warrants, $120,200 of fees paid to an investor relation group, $24,000 was paid to a party who assisted on the Sumas property acquisition, $35,592 paid for corporate secretarial services, $31,500 was paid for consulting on possible bond financing and $21,937 of fees paid to various corporate and consulting groups. The Company's consulting fees in 2014 was $532,063 mainly as a result from fees accrued and paid to management of $397,500 in relation to the Company's effort in listing on CSE and management fees subsequent to the listing, $120,000 of consulting fees were accrued or paid to various external consultants to provide marketing and promotional services to the Company and remaining $14,563 to various parties for corporate services. The Company experienced a dramatic increase in consulting fees of $1,434,416 or 269% in 2015 mainly due to the increased activities in expanding its business operation into Washington States of USA, seeking potential financing locally and internationally and the commencement of accrual of consulting fees to the management subsequent to the successful listing on CSE. In addition, $72,000 of directors fees were also accrued for in this year vs $18,000 in 2014 or an increase of $54,000 – 300%, due to the Company only commenced accruing for directors' fee in Q4 of 2014 while a full year was accrued for in 2015.

A finance expense of $150,000 was incurred as a result of securing a second mortgage by issuing 1,000,000 common shares to the holder of the second mortgage which was not incurred in the same comparable period last year. Insurance expense includes $17,469 on the Langley property which was increased by $5,603 from $11,866 in 2014 or 47.2% increase due to more farming activities by the tenant on the farm. In 2015, the Company also incurred $4,293 insurance on the Sumas Green Campus which was not incurred in 2014. Interest expenses of $107,132 in 2015 includes $22,188 interests accrued on convertible debentures, $1,410 of interests paid on the seller note payable, $55,000 interests paid and accrued on the second mortgage and $28,109 of interests paid on first mortgage. 2014 interest expenses of $29,333 mainly consist of payment for interests on first mortgage. The increase of interest expenses by $77,799 or 265% in 2015 obviously was due to the additions of a second mortgage, two convertible debentures and a seller note payable.

Legal fees increased significantly from $84,158 to $179,661 by $133,681 or 113%. The main increase was due to the increase in legal fees paid to the legal counsel arranging for acquisition of the Sumas Property and preparation of tenants or leasing agreements. The transfer agent, listing and filing fees of $77,408 was incurred during the current year vs $3,139 in 2014, an increase of $74,269 or 2366%, as transfer agent fees, payment for regulatory fees and listing expenses paid to apply to be listed on the OTC market and on the Frankfurt Stock Exchange. The Company only incurred partial year of transfer agent fees in 2014 and the Company was listed on the OTC market and on the Frankfurt Stock Exchange for a portion of 2015.

Utility and property taxes incurred in 2015 were $7,791 vs $1,105 in 2015, an increase of $6,686 or 605%. The increase was mainly due to additional payment for water tax and property tax on the Sumas Property which were not incurred in 2014. Office expense was slightly decreased by $1,489 or 9% from $16,500 to $15,011 and is comparable to 2014, which includes general printing expenses for shareholders meetings, office and computer expenses.

The listing expense of $263,896 in 2014 includes $238,367 resulted from the reverse takeover transaction by amalgamating the Company with NHS. There was no such expense in the current year.

In 2014, the Company granted 5,050,000 stock options to officers, directors and external consultants of the Company and incurred shared based payments of $142,400. In 2015, a total of 8,500,000 warrants with fair value of $1,024,500 were issued to management and external consultants as a result of these parties agreeing to defer receiving payments for consultant fees until the Company was in cash flow position. Shares based payment of $37,000 was recorded as a result of 250,000 stock options being granted to an external consultant with an exercise price of $0.20 per option. Shares based payments expense of $222,000 was incurred as a result of 2,000,000 stock options granted to an external party with an exercise price of $0.15 per share. As a result of additional stock options and warrants granted, the share based payments increased by $1,141,100 from $142,400 to $1,283,500 or 801% increase.

In 2014, secured loans resulted from prior promissory notes was terminated and resulted in a loss on extinguishment of promissory notes of $86,172 which did not reoccur in 2015. In 2015, the Company realized a gain in converting a secured debt into a convertible secured debt of $2,341 which did not exist in 2014.

The Company also incurred foreign exchange loss of $11,752 in 2015 as result of more commercial activities in USA since the Company acquired two properties in Washington State, hired a US counsel to handle the transactions, incurred a seller note payable in US funds and made prepayments for build-up of facilities on such properties. There was no such expense incurred in 2014.

The Company also incurred more expenses on travelling to the Washington State to oversee the properties and the preparation for operations and on travelling to overseas for meetings with potential investors. This has resulted travelling expenses of $25,016 while no such expense incurred in 2014.

The Company incurred a small impairment loss in 2015 in setting up a subsidiary which was abandoned and became inactive. There was no such comparable loss in 2014.

The Company has written off the development costs on the Langley site preparation project until the funding is more readily available and there was no such write off incurred in 2014.

SELECTED ANNUAL INFORMATION

The following financial data, which has been prepared in accordance with IFRS, is derived from the Company's financial statements. These sums are being reported in Canadian dollars and did not change as a result of the adoption of policies concerning Financial Instruments.

	Year ended		
	December 31, 2015	December 31, 2014	December 31, 2013
Total Revenue	$ 84,000	$ 84,000	$ 49,000
Interest income	75	7	102
Expenses	4,724,268	1,309,544	106,145
Net loss	(4,640,193)	(1,225,537)	(107,600)
Total assets	3,108,087	2,012,552	1,936,235
Total long-term liabilities	1,008,383	1,533,107	957,701
Net loss per share (basic and diluted)	(0.09)	(0.03)	(0.02)

SELECTED QUARTERLY INFORMATION

The following table summarizes the results of operations for the eight recent quarters.

	Three months ended			
	December 31 2015	September 30 2015	June 30 2015	March 31 2015
Total Revenue	$ 21,000	$ 21,000	$ 21,000	$ 21,000
Interest income	21	27	16	11
Expenses	1,144,534	296,715	2,414,761	868,258
Net loss	(1,123,513)	(275,688)	(2,393,745)	(847,247)
Net loss per share and diluted loss per share	(0.02)	(0.00)	(0.04)	(0.02)

	Three months ended			
	December 31, 2014	September 30, 2014	June 30 2014	March 31 2014
Total Revenue	$ 21,000	$ 21,000	$ 21,000	$ 21,000
Interest income	3	2	-	2
Expenses	406,358	700,664	135,363	67,157
Net loss	(385,355)	(679,662)	(114,363)	(46,155)
Net loss per share and diluted loss per share	(0.01)	(0.02)	(0.002)	(0.0007)

LIQUIDITY

The Company is a startup agricultural based company and has a small regular source of income and may have incidental interest income it may earn on funds invested in short-term deposits. As a result, its ability to conduct operations is based on its current cash and its ability to raise funds, primarily from equity sources, and there can be no assurance that the Company will be able to do so. The Company's continued existence is dependent upon its ability to raise additional capital, the continuing support of its creditors, and ultimately, the attainment of profitable operations and positive cash flows. The Company's loans, lease payments and debt covenants are in good standing as of the date of this MD&A.

During the first quarter of 2015, the Company raised $400,000 from a second mortgage on its Langley property to finance its acquisition of the property in Washington State and raised $460,000 from private placements for corporate development, working capital use and initial designs for the facility on the Sumas Green Campus. The Company has been able to raise additional funds during the second half of the year through convertible debentures and seller note payable but will need more funds to realize its goals and to complete the build-out of facility on the Oroville Property. Recognizing that there are insufficient cash reserves to implement its business plan and continue operations for the ensuing twelve months, in order to carry out its operations and administration, the Company will need to generate working capital. Subsequent to the year end, the Company entered into a refinanced second mortgage agreement on its property in Langley, BC., in the amount of $700,000 from a private lender. The principal amount of the mortgage is $700,000 and bears interest at the rate of 10 per cent per year with a term of five years. Proceeds of the mortgage will be used toward paying out the prior second mortgage of $400,000 and the balance for general working capital purposes. The Company may prepay the mortgage on payment of a three-month interest penalty.

Management intends to pursue equity financing to meet its working capital requirements. Should the Company be unsuccessful in raising capital through equity financing it may need to consider borrowing funds from one or more directors or shareholders. At this time, the Company has no plans to borrow money and there have been no promises or arrangements made to fund the Company in this manner.

The Company currently has two wholly owned subsidiaries, NHS Industries Ltd., which is in agricultural land and facility rental business and New Age Farm Washington, LLC, which holds the Sumas Green Campus. NHS has limited revenue from a rental property and the U.S. Subsidiary is not yet operating and generating income. Until these subsidiaries become revenue generating, their ability to assist the Company by providing increased liquidity is very limited.

CAPITAL RESOURCES

There are no known trends or expected fluctuations in the Company's capital resources, including expected changes in the mix and relative cost of such resources.

During the year ended December 31, 2015 the Company entered into a second mortgage on its Langley Property, completed the acquisition of Sumas Green Campus and completed a non-brokered financing of $460,000 and issued 4,600,000 common shares of the Company. This second mortgage was subsequently refinanced for $700,000 to repay the original second mortgage and provide additional working capital. In addition, the Company also entered into two convertible debentures for total of $400,000 and issued a seller note payable in relation to acquisition of the Oroville Property. The Company also:

- issued an additional 1,666,667 common shares for total proceeds of $250,000;
- issued 5,500,000 common shares for services;
- 1,900,001 stock options were also exercised for total proceeds of $122,000, of which $57,760 was recoded as subscription receivable;
- 1,000,000 common shares were also issued to the lender of the second mortgage to secure the financing;
- 1,400,000 common shares were issued as result of warrants exercised for gross proceeds of $165,000;
- 200,000 common shares were also issued to purchase equipment; and
- 6,000,000 common shares were issued as prepayments in relation to the Sumas property project.
- subsequent to the year end, 700,000 stock options were exercised for proceed of $35,000, 200,000 common shares were issued as result of warrants exercised for gross proceeds of $30,000 and 2,102,500 common shares were issued for services.

OFF BALANCE SHEET ARRANGEMENTS

As at December 31, 2015, the Company had no off-balance sheet arrangements.

PROPOSED TRANSACTIONS

The Company plans to complete the build out of facility on the Oroville Property and to continue the implementation of its business plan.

-- Continued on next page --

TRANSACTIONS WITH RELATED PARTIES

Name and Position	Payment Description	December 31, 2015	December 31, 2014	September 30, 2015	September 30, 2014
Carman Parente CEO and a Director	Consulting fees for services as CEO	$330,000[1 2 3]	$245,000	$285,000	$ -
	Director fees	$24,000	$6,000	$18,000	$ -
	3,500,000 warrants issued and charged to shares based payments at fair value	$451,500[4]		$369,409	$ -
Anthony Chan[5] Chief Financial Officer and a Director	Consulting fees for services as CEO	$90,000	$122,500	$67,500	$ -
	Director fees	$24.000	$6,000	$18,000	$ -
	1,000,000 warrants issued and charged to shares based payments at fair value	$129,000[4]		$105,545	$ -
Peter Jensen Director	Consulting fees	$22,000	$6,000	$285,000	$ -
	Director fees	$22,000	$6,000	$18,000	$ -
	1,000,000 warrants issued and charged to shares based payments at fair value	$129,000[4]		$105,545	$ -

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[1] The amounts of $688 (2014 - $688) due from a related party, 567147 BC Ltd., a company owned by Carman Parente, the CEO and a director of the Company, are non-interest bearing, unsecured and without fixed terms of repayment.

[2] During the year ended December 31, 2015, the Company advanced $25,000 (2014: $Nil) as a loan to a company of which Carman Parente, the Chief Executive Officer, is a minority shareholder. This loan is non-interest bearing and has no fixed terms of repayment.

[3] The amount of $131,070 is owed to the Company by a company owned by the CEO, which will be applied against the accrued consulting fees owed by the Company to the CEO. As of December 31, 2015, a net total of $690,930 after deducting the amount of $131,070 owed by a company owned by the CEO of the Company was included as accrued liabilities to these parties (see Note 7 to the Audited Financial Statements)

[4] During the year ended December 31, 2015, 4,500,000 warrants were issues to management and charged to shares based payments at total fair value of $580,500: CEO (3,500,000 warrants), CFO (1,000,000 warrants) and a director (1,000,000 warrants) (see Note 8 to the Audited Financial Statements).

[5] In February 2015, 200,000 stock options were exercised by the Chief Financial Officer at $0.05 per share (see Note 8 to the Audited Financial Statements).

OUSTANDING SHARE DATA

Authorized share capital:

Unlimited common shares without par value

Issued and Outstanding:

As of the date of this MD&A the Company has 64,217,259 common shares outstanding.

Stock Options:

As of the date of this MD&A the Company has the following stock options issued and outstanding:

Number of Shares	Exercise Price	Expiry Date
50,000	$0.05	September 8, 2019
2,000,000	$0.15	March 18, 2010
250,000	$0.20	May 2, 2020
2,30000,000		

Subsequent to the year-end, 700,000 stock options were exercised by Anthony Chan, CFO, at an exercise price of $0.05 per share and 400,000 stock options granted to former director Peter Jensen with an exercise price of $0.05 per share expired and were cancelled.

Warrants:

As of the date of this MD&A the Company has the following warrants issued and outstanding:

Number of Warrants	Exercise Price	Expiry Date
400,000	$0.15	April 9, 2018
6,500,000	$0.15	April 15, 2020
6,900,000		

Subsequent to the year-end, 200,000 warrants were exercised by an external consultant at an exercise price of $0.15 per share and 200,000 common shares of the Company were issued.

CONTINGENCIES

Except for the commitments mentioned in Liquidity subsection (a), there is no other contingency outstanding as of date of this discussion.

SUBSEQUENT EVENTS

The following events took place after December 31, 2015, but during the reporting period for this MD&A:

- 200,000 warrants were exercised by an external consultant at an exercise price of $0.15 per share,
- 700,000 common shares of the Company were issued pursuant to the exercise of stock options by an officer of the Company at an exercise price of $0.05 per share ,
- 500,000 common shares of the Company were issued to an outside consultant at a fair value of $0.04 per share for services,
- 1,602,5000 common shares of the Company were issued pursuant to debt settlments for consulting fees invoiced to the Company,
- $150,000 convertible debenture originally issued on December 1, 2015 was renegotiated and repaid subsequent to the year end (see Note 12 to the Audited Financial Statements), and
- The Company entered into a refinanced second mortgage agreement on its property in Langley, B.C., in the amount of $700,000 from a private lender. The principal amount of the mortgage is $700,000 and bears interest at the rate of 10 per cent per year with a term of five years. Proceeds of the mortgage will be used toward paying out the prior second mortgage of $400,000 and the balance for general working capital purposes. The Company may prepay the mortgage on payment of a three-month interest penalty (see Note 7 to the Audited Financial Statements).

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The Company was incorporated on September 27, 2013. Accordingly, these financial statements are prepared in accordance and compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The financial statements are presented in Canadian dollars, which is the Company's functional and reporting currency. The financial statements are prepared on a historical cost basis except for financial instruments classified as fair value through profit or loss ("FVTPL"), which are stated at their fair value.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

(a) **Statement of Compliance and Basis of Presentation**

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

These consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out in the below.

(b) **Revenue recognition**

Rental revenue includes rent from tenants and incidental income. Rental revenue is recognized when rents are due and interest income is recognized when earned.

(c) **Foreign currency translation**

The functional currency of the Company, as determined by management, is the Canadian dollar and this is also the currency in which it presents these consolidated financial statements. The Company recognizes transactions in currencies other than the Canadian dollar (foreign currencies) at the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the period end exchange rates are recognized in the statement of operation and comprehensive operation. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(d) **Financial instruments**

The Company recognizes a financial asset or financial liability when it becomes a party to the instrument's contractual provisions. It initially measures financial assets and financial liabilities at their fair value, adding or deducting directly attributable transaction costs (except for transaction costs directly attributable to acquiring financial assets or financial liabilities at fair value through profit or loss, which it recognizes immediately in profit or loss).

The Company's financial instruments and their classifications, described further below, are as follows:

Financial assets:	Classification:
Cash and bank indebtedness	Fair value through profit or loss
Due to related parties	Loan and receivables

Financial liabilities:	Classification:
Accounts payable, accrued liabilities, due to related Parties, due to shareholders, promissory note, secured loans, loans payable, seller note payable and mortgages	Other financial liabilities

Financial assets

The Company recognizes and derecognizes all financial assets on the trade date. It derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of its ownership to another entity. It classifies financial assets into the following specified categories: financial assets 'fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' financial assets and 'loans and receivables'. It determines the classification at the time of initial recognition, depending on the nature and purpose of the financial assets. The Company does not currently have any financial assets in the held-to-maturity or available-for-sale categories.

The Company's accounting policy for the category of assets and liabilities presently recognized by the Company is as follows:

Fair value through profit or loss

This category comprises assets acquired or incurred for the purpose of selling or repurchasing it in the near future. The Company measures financial assets at FVTPL at fair value, recognizing any gains or losses arising from this measurement in the Statement of Loss and Comprehensive Loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. The Company measures loans and receivables at amortized cost using the effective interest method, less any impairment, except for short-term receivables for which recognizing interest would be immaterial. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all transaction costs and other premiums or discounts) through the instrument's expected life (or, where appropriate, a shorter period) to the net carrying amount on initial recognition.

Financial liabilities

The Company classifies financial liabilities as either financial liabilities at FVTPL or other financial liabilities.

The Company does not currently have any financial liabilities in the at FVTPL category.

Other financial liabilities

The Company initially measures other financial liabilities, consisting of accounts payable and accrued liabilities, amounts due to related parties, amounts due to shareholders, promissory note and secured loans, at their fair value, net of transaction costs, and subsequently at amortized cost using the effective interest method, recognizing interest expense on an effective yield basis.

Other financial liabilities are de-recognized when the obligations are discharged, cancelled or expired.

Impairment of financial assets

The Company assesses financial assets, other than those at FVTPL, for indications of impairment at the end of each reporting period. For financial assets carried at amortized cost, the amount of any impairment loss is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- The likelihood that the borrower will enter bankruptcy or financial re-organization.

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account. When an account receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

<u>Financial instruments recorded at fair value</u>

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(e) **Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand, and short-term deposits with an original maturity of three months or less and which are readily convertible into a known amount of cash. The Company's cash and cash equivalents are invested with major financial institutions in business accounts. Cash may also be invested in guaranteed investment certificates that are available on demand by the Company for its program. The Company does not invest in any asset-backed deposits/investments.

(f) **Property, plant and equipment**

The Company records property, plant and equipment at cost less accumulated amortization and accumulated impairment losses. It recognizes amortization to write off the cost of assets less their residual values over their useful lives, using the following methods and rates:

Building	-	15 years	straight line
Greenhouse	-	35 years	straight line
Furniture, fixtures and equipment	-	10-20%	declining balance
Motor vehicle and tractor	-	30%	declining balance

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

Where an item of property, plant and equipment consists of major components with different useful lives, the components are accounted for as separate items of property, plant and equipment. Expenditures incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

(h) **Loss per share**

The Company calculates basic loss per share by dividing the loss for the year by the weighted average number of common shares outstanding during the year. It calculates diluted loss per share in a similar manner, except that it increases the weighted average number of common shares outstanding, using the treasury stock method, to include common shares potentially issuable from the assumed exercise of stock options and other instruments, if dilutive. In the Company's case, these potential issuances are "anti-dilutive" as they would decrease the loss per share; consequently, the amounts calculated for basic and diluted loss per share are the same.

(i) **Income taxes**

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

(j) **Impairment of long-lived assets**

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment to determine whether any indication exists that any of those assets have suffered an impairment loss. If any such indication exists, it estimates the asset's recoverable amount to determine the extent of the impairment loss (if any). Where it is not possible to estimate an individual asset's recoverable amount, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where it can identify a reasonable and consistent basis of allocation, it also allocates corporate assets to individual cash-generating units, or otherwise allocates them to the smallest group of cash-generating units for which it can identify a reasonable and consistent allocation basis.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the Company discounts estimated future cash flows to their present value using a pre-tax discount rate. This rate reflects current market assessments of the time value of money and also reflects the risks specific to the asset (unless these risks are reflected in the estimates of future cash flows).

If the Company estimates an asset or cash-generating unit's recoverable amount to be less than its carrying amount, it reduces the carrying amount to the recoverable amount, recognizing an impairment loss immediately in profit or loss. Where an impairment loss subsequently reverses, the Company increases the asset or unit's carrying amount to the revised estimate of its recoverable amount, without exceeding the carrying amount that would have been existed if no impairment loss had been recognized in prior years. It recognizes a reversal of an impairment loss immediately in profit or loss.

(k) **Significant accounting judgments and estimates**

The preparation of consolidated financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported revenues and expenses during the year. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the amortization of plant, property and equipment, valuation of share-based payments and recognition of deferred income tax amounts.

Critical judgments and estimates exercised in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

<u>Determination of functional currency</u>

The Company determines the functional currency through an analysis of several indicators such as expenses and cash flow, financing activities, retention of operating cash flows, and frequency of transactions with the reporting entity.

Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

Valuation of share-based payments

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

(l) **Future accounting changes**

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC that are mandatory for accounting periods beginning after January 1, 2015 or later periods. Updates that are not applicable or are not consequential to the Company have been excluded from the list below.

IFRS 9, Financial Instruments: Classification and Measurement, issued in December 2009, effective for annual periods beginning on or after January 1, 2015, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments. Management anticipates that this standard will be adopted in the Company's financial statements for the period beginning January 1, 2015. The Company is currently evaluating the potential impact of the adoption of IFRS 9.

RISKS AND UNCERTAINTIES

Plant Growing, Warehousing and Processing Industry

The plant growing, warehousing and food processing industry involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. While the development of such facilities may result in substantial rewards, marketing will also play a significant role in developing the Company and its level of success. Major expenses may be required to establish the facilities to be accepted in the marketplace. It is impossible to ensure that the current facilities and market strategy planned by the Company will result in profitable commercial sales. Whether the Company will be commercially viable depends on a number of factors, some of which are the particular attributes of the industry the facilities is geared toward and the existing infrastructure, as well as competitors strategies and market factors. Some of these factors are cyclical and government regulated, including regulations relating to agriculture and food processing procedures and protocols.

The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital. Agriculture and food processing operations generally involve a high degree of risk. The Company's operations are subject to all the hazards and risks normally encountered in the public health sectors inherited in the agriculture and food processing industry. Although adequate precautions to minimize risk will be taken, operations are subject to hazards that are unforeseeable or beyond the company's control and their consequent liability.

Some of these risks include the following:

The Company is largely dependent on the success of constructing and marketing its warehousing and processing facilities and cannot be certain that its facilities will be successfully commercialized. NHS currently has minimal revenue from renting out its greenhouse facility. The successful addition of agriculture and food warehousing / processing facilities will also augment its ability to rentout unused greenhouse space and facilities. There is no guarantee that it will ever have marketable facilities.

Risks in design, development and manufacture of agriculture and food warehousing / processing facilities which may have adverse effect on public's health.

If a significant portion of these development efforts are not successfully completed, required regulatory approvals are not obtained, or any approved facilities are not commercially successful, the company's business, financial condition, and results of operations may be materially harmed

The Company's facilities may never achieve market acceptance even if the company obtains regulatory approvals.

The Company's activities are directed towards the warehousing and processing of agriculture and food. There is no certainty that any expenditure to be made by the Company as described herein will result in market acceptance of the Company's facilities offerings. There is aggressive competition within the agriculture and food warehousing / processing marketplace. The Company will compete with other interests, many of which have greater financial resources than it will have for marketing towards target customers. Significant capital investment is required to achieve commercialization from the current start-up and development stage of the Company.

Government Regulation

In addition to various trade organizations that the Company will be subject to, the consumer agriculture and food warehousing / processing industry is subject to various federal, and provincial laws and regulations on, standards, claims, safety, efficacy and other matters from regulatory bodies such as Canadian Food Inspection Agency **(**CFIA**),** BC FoodSafe Program and the department of Health Protection in Fraser Health. Regulatory approvals by government agencies on the Company's facilities may be withheld or not granted at all and if granted may be subject to recalls which would materially affect the Company.

Although the Company's activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail development, production, manufacture, product claims, marketing or commercialization. Amendments to current laws and regulations governing operations and activities of the consumer health industry or more stringent implementation thereof could have a substantial adverse impact on the Company.

Uninsured Risks

The Company may carry insurance to protect against certain risks in such amounts as it considers adequate. Risks not insured against include key person insurance as the company heavily relies on the company officers.

Conflicts of Interest

Certain directors of the Company also serve as directors and/or officers of other companies involved in other business ventures. Consequently, there exists the possibility for such directors to be in a position of conflict. Any decision made by such directors involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such directors will declare, and refrain from voting on, any matter in which such directors may have a conflict of interest.

Negative Operating Cash Flows

As the Company is at the early stage start-up stage it may continue to have negative operating cash flows. Without the injection of further capital and the development of revenue streams from its business, the Company may continue to have negative operating cash flows until it can be sufficiently developed to commercialize.

Risks Related as a Going Concern

The ability of the Company to continue as a going concern is uncertain and dependent upon its ability to achieve profitable operations, obtain additional capital and receive continued support from its shareholders. Management of the Company will have to raise capital through private placements or debt financing and proposes to continue to do so through future private placements and offerings. The outcome of these matters cannot be predicted at this time.

Reliance on Key Personnel and Advisors

The Company relies heavily on its officers. The loss of their services may have a material adverse effect on the business of the Company. There can be no assurance that one or all of the employees of, and contractors engaged by, the Company will continue in the employ of, or in a consulting capacity to, the Company or that they will not set up competing businesses or accept positions with competitors. There is no guarantee that certain employees of, and contractors to, the Company who have access to confidential information will not disclose the confidential information.

Licenses, Patents and Proprietary Rights

The Company’s success could depend on its ability to protect its intellectual property, including trade secrets, and continue its operations without infringing the proprietary rights of third parties and without having its own rights infringed.

Uncertainty Regarding Penetration of the Target Market

The commercial success of the Company's business as compared with those of its competitors depends on its acceptance by potential users and the consumer community. Market acceptance will largely depend on the reputation of the Company, its marketing strategy, consumer acceptance and the Company's services and performance. The Company's success will depend on its ability to commercialize and expand its network users. The Company will need to expand its marketing and sales operations and establish business relations with suppliers and users in a timely manner.

In order to meet its business objectives, the Company will have to ensure that its facilities and services are safe, reliable and cost-effective, and bring the expected return. There can be no assurance that the Company's facilities and services will be accepted and recommended.

Competition, Technological Obsolescence

The agriculture and food warehousing / processing industries are competitive. Others in the field may have significantly more financial, technical, distribution and marketing resources. Technological progress and product development may cause the Company's services and facilities offerings to become obsolete or may reduce their market acceptance.

Operating History and Expected Losses

The Company expects to make significant investments in order to develop its services, increase marketing efforts, improve its operations, conduct research and development and update its equipment. As a result, start-up operating losses are expected and such losses may be greater than anticipated, which could have a significant effect on the long-term viability of the Company.

Reliance on Joint Ventures, License Assignors and Other Parties

The nature of the Company's operations requires it to enter into various agreements with partners, joint venture partners, other agriculture and food warehousing / processing facilities, and equipment suppliers in the business world, government agencies, licensors, licensees, and other parties for the successful operation of its businesses and the successful marketing of its services.

There is no guarantee that those with whom the Company needs to deal will not adopt other technologies or that they will not develop alternative business strategies, acting either alone or in conjunction with other parties, including the Company's competitors, in preference to those of the Company.

Growth Management

In executing the Company's business plan for the future, there will be significant pressure on management, operations and technical resources. The Company anticipates that its operating and personnel costs will increase in the future. In order to manage its growth, the Company will have to increase the number of its technical and operational employees and efficiently manage its employees, while at the same time efficiently maintaining a large number of relationships with third parties.

Regulatory Risks

The technologies utilized by the Company in building and operating agriculture and food warehousing / processing facilities can be subject to a number of technological challenges and requirements, and can be subject to the regulations and standards imposed by applicable regulatory agencies. There can be no assurance that the Company will be able to comply with all regulations concerning its businesses.

Potential Liability

The Company is subject to the risk of potential liability claims with respect to its agriculture and food warehousing / processing facilities. Should such claims be successful, plaintiffs could be awarded significant amounts of damages, which could exceed the limits of any liability insurance policies that may be held by the Company. There is no guarantee that the Company will be able to obtain, maintain in effect or increase any such insurance coverage on acceptable terms or at reasonable costs, or that such insurance will provide the Company with adequate protection against potential liability.

FINANCIAL AND DISCLOSURE CONTROLS AND PROCEDURES

During the year ended December 31, 2015, there has been no significant change in the Company's internal control over financial reporting since last year.

The management of the Company is responsible for establishing and maintaining appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete, reliable and timely. Management is also responsible for establishing adequate internal controls over financial reporting to provide sufficient knowledge to support the representations made in this MD&A and the Company's consolidated financial statements for the year ended December 31, 2015 (together the "Annual Filings").

The management of the Company has filed the Venture Issuer Basic Certificate with the Annual Filings on SEDAR at www.sedar.com.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the venture issuer basic certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency, and timeliness of interim and annual filings and other reports provided under securities legislation.

Officers and Directors

Carman Parente	President, CEO & Director
Anthony Chan	CFO & Director
Lorraine Pike	Director

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