MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED

DECEMBER 31, 2016

Accompanying the December 31, 2016 Audited Year-end 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 30, 2017, is intended to be read in conjunction with the Company's audited year-end consolidated financial statements for the year ended December 31, 2016, 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, 2016 and should be read in conjunction with the audited year-end consolidated financial statements for the year ended December 31, 2016 (the "Audited Year-end 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 0NF 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. (“NHS”). NHS and the Company are expecting to complete a plan of arrangement approved by the shareholders at the Company’s 2016 shareholder meeting (the “Arrangement”). For more details on the Arrangement please see the section entitled Plan of Arrangement later in this MD&A.

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;
- the Sumas Property; and
- the Oroville Property.

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 Initiative 502 (“I-502”). For more information regarding I-502, see the section entitled Washington State Initiative 502 later in this document. New Age Farm’s 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 and specialty food industries. A key aspect of New Age Farm’s business model that differentiates us from our competitors is the availability of on-site master growers (the "Master Growers") who provide guidance, support and valuable expertise to growers. Master Growers have the experience, insight and knowledge to assist even novice growers to achieve professional results. When a new tenant-grower joins the New Age Farm family, they will be required to use the services of our Master Growers whether they are novice or experienced growers. This will ensure consistency in methodology; that the production is in compliance with I-502 provisions; that we are making the most efficient and expedient use of the greenhouse facilities; that the greenhouse environment is optimally controlled for all tenant-growers crops' needs; to provide optimal chance of success to the tenant-grower and for New Age Farm so that all members reap maximum benefits from the crop. Master Growers are expert in the specific needs for light, nutrition and feeding of cannabis plants, and understand and establish the ideal growing conditions, methods and media to produce a successful crop. As a result of the Master Growers' carefully designed planting and harvesting rotation program, our tenant-growers can expect to harvest a continuous crop every 30 days after the initial 90 day planting. Our Master Growers provide an advantage to tenant-growers who work with New Age Farm. Agriculture is a risky business and we want our tenant-growers to have the best opportunity to succeed and we want to achieve the best possible financial outcomes for our stakeholders.

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. We have negotiated an agreement with a local Langley contractor to remove the peat soil and then to backfill the area where the future warehouse will be situated. The Company is exchanging the excavated peat for the services being provided as a cash neutral way of advancing the property to the next phase of development thereby preserving cash reserves for construction costs such as engineering, architectural, permitting, and construction costs. This work is the first step in readying the site for the construction of the planned 50,000 square foot Tilt-up concrete warehouse structure. Tilt-up concrete construction has been chosen for the because of its proven advantages that include speed, safety and construction cost benefits. The warehouse will serve the Langley on site tenant-growers and grower/processors from the surrounding community. 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. The Langley site is the subject of the Arrangement between the Company and its subsidiary, NHS Industries Ltd.

The Plan of Arrangement

The shareholders of the Company have approved the Arrangement and the Company has set the share distribution record date at November 30, 2016 (the "Share Distribution Record Date"). As of the Share Distribution Record Date, New Age Farm had 105,573,317 common shares issued and outstanding

As of the date of this MD&A, the Company has not yet issued the shares to the qualified shareholders. Their shares are being held in trust by the Company to be issued upon completion of the required documentation to push the shares out to shareholders, which is in process now.

The New Age Farm Shares

As of the Share Distribution Record Date, each New Age Farm shareholder of record will continue to hold that number of common shares in the equity of New Age Farm (the "New Age Farm Shares") held by the shareholder prior to the Arrangement. The New Age Farm Shares will be identical in every respect to the shareholders' current New Age Farm Shares; in addition, each New Age Farm shareholder will receive from NHS the number of common shares (the "NHS Shares") equal to the issued and outstanding New Age Farm Shares held by the shareholder as of the Share Distribution Record Date, multiplied by a conversion factor. Based on the issued and outstanding shares in each of New Age Farm and NHS as of the Share Distribution Record Date, the Company has determined that the distribution ratio is 0.065195 such that 1 New Age Farm Share will entitle the shareholder to receive 0.065195 share of NHS for each New Age Farm Share held by the shareholder as of the Share Distribution Record Date Therefore, on completion of the Arrangement, each shareholder will have one New Age Farm Share and his or her pro-rata allotment of the NHS Shares for each New Age Farm Share held prior to the Arrangement.

Effective Date

The Company has determined that the effective date of the plan of arrangement will be December 31, 2016 (the "Effective Date"). This means that shareholders of record as of the Share Distribution Record Date will receive their NHS shares after the Effective Date. The Share Distribution Record Date has been set for the purpose of determining which shareholders will be entitled to receive the NHS shares. It is not the date on which the shareholders can expect to receive shares. New Age Farm Shareholders will receive their NHS shares in the New Year, after the Effective Date has passed and all the required steps in the Arrangement have been completed.

On the Effective Date of the Arrangement, no action is required on the part of the New Age Farm shareholders; those shareholders entitled to NHS Shares will receive their shares in one of two ways: 1) either directly by mail of a certificate or direct registration statement evidencing their NHS Shares to the mailing address currently on file with New Age Farm or 2) the NHS Shares will be credited directly to their brokerage accounts.

NHS and the Langley Site after the Plan of Arrangement

Following the Arrangement, NHS will own the 5.5 acre Langley Property that is fully Agricultural Land Reserve-approved for an agribusiness. To date, the Company has spent $650,000 toward the development of the Langley Property business facilities, in addition to the cost of the Langley Property, and estimates that the replacement cost of existing equipment is approximately $2,000,000. Following completion of the Arrangement, NHS intends to follow through on the plan to develop the site to include an operating kitchen, the warehouse space, and a cold storage facility.

Clients can process fruits, vegetables, herbs and flowers that are produced on their small farms and operations using different modules to create product. Clients may also grow their produce using NHS' greenhouse facilities. Fruits, vegetables, herbs and flowers can also be used in secondary modules to produce bulk powders, whole leaves, extracts and sprays. Clients will have the option of running their own processes under the supervision of NHS staff or NHS will do the processing for them.

NHS will offer a variety of support functions to help bring clients' products to market; these will include brand identification, labelling, packaging, distribution, and marketing assistance. NHS intends to engage qualified and experienced staff to assist clients in the use of the different modules, to ensure that high safety and sanitation standards are met, and to provide supervision in the use of the facilities and equipment to ensure a high quality experience for each client user.

Another area that NHS will explore is the growing and processing of cannabis; Canada's federal government is expected to enact legislation in 2018 that will legalize recreational marijuana. If NHS determines that the ROI is acceptable, it will pursue the implementation of a turnkey model similar to the one it has developed in Washington State. According to a 2016 report by Deloitte, sales of recreational marijuana market in Canada could be as much as $5B per year to start; that is on par with the Canadian spirit market (whiskey, vodka, rum, etc.). They go on to say that in Colorado, a state with a population one-seventh the size of Canada's, that tax and licensing revenue totalled over $52 million in the last fiscal year. NHS intends to be prepared to take advantage of this potential market when the time comes.

Washington State Properties

In 2015, we expanded our property holdings into Washington State through the acquisition of properties in Sumas and Oroville. In 2016, we were able to advance these properties and our tenant-growers planted their first crops. All the Company's Washington State tenant-growers are licensed growers under I-502. In 2017 Q1, we entered into a letter of intent to expand our Washington State holdings even further with a lease to own option on 11 acres of industrial land in Moses Lake.

About I-502

In November 2012, the people of the State of Washington voted to pass Initiative 502 ("I-502") to be administered by the Washington State Liquor and Cannabis Board ("WSLCB"). I-502 authorized the WSLCB to regulate and tax recreational marijuana products for persons over twenty-one years of age and thereby created a new industry for the growing, processing and selling of Washington State-regulated recreational marijuana products. A 2013 WSLCB commissioned report by the Rand organization suggests that there are currently up to 650,000 recreational marijuana users in Washington State. In July 2016, the Seattle Post-

Intelligencer reported that more than $1 billion (USD) worth of recreational marijuana had been sold since cannabis was legalized in 2014. The Denver Post reported that in Colorado, which voted to legalize recreational marijuana in November 2012 as well, that the marijuana industry is worth about $7.2 billion.

Washington State offers three types of licenses, producer, processor and retailer. A licensee may hold a producer and a processor license at the same time, but neither is permitted to be a retailer. All New Age Farm's tenant-growers hold either a Tier 2 or a Tier 3 Producer license.

Producer Licenses	
Tier 1	To produce marijuana for sale at wholesale to marijuana processor licensees and to other marijuana producer licensees. Tier 1 allows for two thousand square feet or less of dedicated plant canopy.
Tier 2	To produce marijuana for sale at wholesale to marijuana processor licensees and to other marijuana producer licensees. Tier 2 allows for between two thousand square feet and ten thousand square feet of dedicated plant canopy.
Tier 3	To produce marijuana for sale at wholesale to marijuana processor licensees and to other marijuana producer licensees. Tier 3 allows for between ten thousand square feet and thirty thousand square feet of dedicated plant canopy.

The **processor license** permits the holder to process, package, and label usable marijuana and marijuana-infused products for sale at wholesale to marijuana retailers. The licensee is allowed to blend tested useable marijuana from multiple lots into a single package for sale to a marijuana retail licensee providing the label requirements for each lot used in the blend are met and the percentage by weight of each lot is also included on the label. At the present time, WSLCB is not issuing any processor licenses.

The Sumas Green Campus

The Sumas Green Campus is a three acre parcel of land in Whatcom County. The property is permitted for both agricultural and light industrial processing uses, has two buildings totaling 6,700 square feet and has sufficient room for expansion, with ample room for the construction of additional buildings. One tenant-grower is currently located at the Sumas Green Campus who is making use of the existing facilities.

Recognizing the need to advance our properties as quickly as possible, and the cash intensive nature of agriculture, we have partnered with a private equity group at the Sumas Green Campus, maintaining a 50% interest in the property in exchange for loan and interest forgiveness amounting to $303,125 and a portion of all future rental revenue at the facility. Our partner is responsible for building the planned turnkey, state of the art indoor production and processing facility that will house a Tier 3 licensee able to grow up to 30,000 square feet of plant canopy. Building permits have been issued.

As the current Sumas tenant-grower achieves success with its crops, we will see revenues come in from this facility. With our partner operating the Sumas facility, this existing resource will benefit us by allowing us to focus on the development of the Oroville facility and still receive a financial return from the Sumas facility.

The Oroville Property

Our second US property is located in Oroville, WA near the border with British Columbia. This site can accommodate up to three Tier 3 licensees using both indoor and outdoor space for growing. In 2016, we completed a 5,600 sq. ft. greenhouse facility that is currently in use by one of our licensed tenant-growers. A fly-over view of the greenhouse, a virtual tour hosted by one of our Master Growers and information on the greenhouse is available on our website at www.newagefarminc.com. We also acquired 45,000 square feet in additional greenhouse structures to augment the Oroville operations, bringing total potential indoor growing capacity to over 50,000 square feet. Once fully operational, New Age Farm's Tier 2 and Tier 3 tenant-growers will be able to grow at full, 100% allowable I-502 capacity, year-round. The entire 45,000 square feet of greenhouse structure combines Cravo, Nexus and Hired Hand Green components for state of the art capabilities and 14 foot high trusses that provide an ideal environment for growing large plants. These infrastructure resources will be instrumental in creating the best possible environment for our tenant-growers to achieve success.

The agricultural business is risky and dependent on many factors. This past year has been a hands-on test of our business model, allowing us to see it in action over a complete fiscal cycle for the first time. We have seen setbacks and delays with our tenant-growers bringing their crops to maturity and in achieving revenue status. In 2016, we had the opportunity to ride down the experience curve, helping us understand our core competencies and our capabilities, how to make the best use of our resources, and to refine our financial model. The best way for us to maximize revenues and return on investment is for our tenant-growers to succeed. We don't realize maximum revenue if they don't bring a crop successfully to market. While all our tenant-growers pay a base rent for use of the facility our revenue model is dependent on the value-added services and the use of our competencies and resources to help them achieve superior results. We need to deliver those superior results in order to create demand for our services and in turn to allow us to continue to charge a premium price for the New Age Farm advantage.

The lessons learned over the past year will be of great benefit to management and employees as we move forward with the letter of intent at Moses Lake (the "LOI") and replicate our business model at a third agri-campus.

The Moses Lake Property and the LOI

Under the terms of the LOI between its U.S. Subsidiary and CannaAgra LLC ("CannaAgra"), New Age Farm will acquire three additional tenant-growers, along with a lease to own option on 11 acres of industrial land in Moses Lake, WA.

Under the terms of the LOI, our U.S. Subsidiary and CannaAgra will form a 50/50 joint partnership corporation in Washington State, to be registered under the name CannaUsa LLC ("**CannaUsa**") or such other name as is acceptable to the registrar of companies and CannaUsa will hold the lease on the 11 acres of industrial land in Moses Lake, WA ("**Moses Lake**"). This acquisition will increase the Company's Washington State property holdings to three separate agri-campuses in Sumas, Oroville and Moses Lake. In addition, CannaAgra will bring in three additional Tier 3 Production/Processing licensees, and these licensees will become the Company's newest tenant-growers. The Company is currently in the due diligence stage and expects to enter into a definitive agreement with CannaAgra upon completion of due diligence.

CannaUsa will build out and operate the greenhouse facilities on the Moses Lake Property that will accommodate New Age Farm's tenant-growers for year round operations. The Company's current plan calls for outdoor planting to begin in the next 120 days as growing conditions permit, followed by a conversion to complete greenhouse operations by the fall of 2017, or as soon as the greenhouse facilities are ready.

On completion of the Moses Lake agri-campus, New Age will have in excess of 250,000 square feet of canopy growing space available to its tenant-growers at its three Washington state locations. The Moses Lake agri-campus will be structured in such a manner that it will allow for a total growing capacity of approximately 170,000 square feet of canopy space – this means up to five Tier 3 tenant-growers and one additional Tier 2 tenant-grower can be housed at the facility.

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 0NF. The Company has an ongoing investor relations program that includes a toll free number that investors can call to speak with members of our Corporate Communications team. The Company does not call out to potential investors; we have designated persons who respond to investor queries. We provide investor updates through news releases and other regulatory documents such as this MD&A. The Company is not covered by any analysts at this time. We may pay fees to re-publish our news on investor sites so that our corporate news may reach a wider audience.

QUARTERLY RESULTS

Twelve Months of Operations

During the year ended December 31, 2016, the Company incurred legal fees of $54,618 vs $173,709 in 2015, a decrease of $119,091 or 68%. 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 2016 comparing to 2015.

Consulting fees of $1,763,388 incurred in 2016 was $205,091 lower than the amount incurred in 2015 or a 10% decrease. Consulting expenses in 2015 mainly include $1,100,000 consulting fees paid by issuance of shares, consulting fees incurred to management was $442,000, $191,250 of fees accrued to an external consultant who were issued 2,000,000 warrants, $120,200 of fees paid to investor relation groups, $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. In comparable period of 2016, consulting fees accrued or paid to officers and a director were $719,363 with respect to management and corporate secretarial fees, $645,025 of fees accrued and incurred to several consultants who have exercised warrants and options against fee and been issued shares for services, $351,351 of fees accrued or paid to several parties who introduce the Company with groups providing corporate awareness programs and other miscellaneous fees of $50,649. The Company also incurred same directors' fees of $72,000 as in 2015.

The Company incurred insurance expense of $6,406 in 2016 vs $4,295 in 2015; an increase of $2,111 or 49% increase. The increase was mainly due to payments for more insurance on the Sumas and Oroville Property in 2016 and timing recognition issue in 2015.

Interest expense in 2016 increased from $23,598 to $45,827 by $22,229 or 94% increase. The main reason for the increase was due to the additional interest expense on the second mortgage which only commenced in Q2 of 2015 and additional interest expense incurred on higher refinanced 2nd mortgage, interest expenses accrued on the debentures and interest paid on the seller note payable.

Advertising and promotion expense of $259,752 in 2016 was incurred vs $41,095 in 2015, a significant increase of $218,657, as the Company has paid several groups to establish market awareness of the Company to investors and the general public.

In 2015, a total of 8,500,000 warrants with fair value of $1,024,500 were issued to management and external consultants. Shares based payment of $259,000 was recorded as a result of 2,250,000 stock options being granted to several external consultants. In comparable period of 2016, the Company issued 22,829,824 warrants with fair value of $1,292,000 to management and external consultants including the brokers and granted 9,300,000 stock options with fair value of $690,100 to external consultant.

The Company incurred transfer agent, listing and filing fees of $9,918 in 2016 vs. $77,408 in 2015; a decrease of $67,490. The Company incurred additional listing expense in the first quarter of 2015 with respect to listing on OTC market and on Frankfurt while there no such expenses incurred in 2016.

The Company incurred foreign exchange gain of $10,411 vs loss of $11,752 in 2015. The foreign exchange gain was due to mainly weaker US currency during early 2016 in translating the payables and note payable denominated in US currency.

The office expense in 2016 was $26,901 vs $15,011 in 2015 or an increase of $11,890 or 79%. The increase was due to general increase in various office expenses and corporate activities.

Utility expenses of $4,280 was incurred in 2016 vs $2,950 in 2015 due to mainly higher property taxes paid on the US properties which were not incurred in 2015 until the latter quarters. The main difference is highly due to timing issues.

Amortization expenses of $9,000 recorded in 2016 vs $Nil recorded in 2015. The increase was due to commencement of additional amortization on the tractor equipment purchased in latter quarter of 2015.

The Company also incurred a finance expense of $150,000 in relation to the issuing of 1,000,000 common shares in order to secure the second mortgage in 2015. There was no such comparable expense in 2016.

The Company also recognized $265,563 as gain on settlement of debts owing to several directors of the Company and external consultants while there was no such transaction in 2015.

The Company also wrote off a loan receivable of $25,000 in 2016 while there was no such write off in 2015.

As result of spinning-off its wholly owned subsidiary, NHS Industries Ltd., the Company also wrote off its investment in NHS from $3,441,342 down to $1 during the year ended December 31, 2016.

Three Months of Operations

During the three months period ended December 31, 2016, the Company incurred professional fees of $32,415 mainly in relation to accrual for 2016 audit fees and was similar to professional fees of $34,551 incurred in similar period in 2015 though fees in Q4 of 2015 consists of audit fee accrual and legal work.

In Q4 of 2016, the Company incurred significant consulting fees already explained in the twelve months operation. The majority of the consulting fees in relation to bringing in market awareness program were incurred in Q4.

In Q4 of 2016, similar directors fees of $18,000 were incurred, same as in 2015.

The Company incurred insurance expense of $Nil in Q4 of 2016 due to timing of payment for insurance.

Interest expense in Q4 of 2016 was $45,827. As explained in the twelve months operation section, additional interest expense incurred on higher refinanced 2nd mortgage, interest expenses accrued for on the convertible debentures and interest paid on the seller note payable.

Advertising and promotion expense in Q4 of 2016 increased substantially due to majority of the market awareness program was performed in the last quarter.

In Q4 of 2016, again, majority of the stock options granted and warrants issued were in the last quarter 2016.

Transfer agent and filing fees in Q4 of 2016 was comparable to in 2015 with no significant changes.

Office expenses, utility and foreign exchange in Q4 of 2016 also did not change significantly from Q4 of 2015.

Amortization expenses on the tractor equipment only commenced in 2016 and thus no comparable expenses in 2015.

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, 2016 De-consolidated	December 31, 2015 De-consolidated	December 31, 2014 Consolidated
Total Revenue	$ -	$ -	$ 84,000
Interest income	-	-	7
Expenses	4,266,530	3,853,306	1,309,544
Net loss	(7,958,434)	(3,853,366)	(1,225,537)
Total assets	2,645,337	3,108,087	2,012,552
Total long-term liabilities	82,603	1,008,383	1,533,107
Net loss per share (basic and diluted)	(0.11)	(0.09)	(0.03)

SELECTED QUARTERLY INFORMATION

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

	Three months ended			
	December 31, 2016	September 30 2016	June 30 2016	March 31 2016
Total Revenue	$ -	$ -	$ -	$ -
Interest income	-	-	-	-
Expenses	3,099,837	414,687	510,225	201,781
Net loss	(6,894,751)	(393,687)	(489,222)	(180,774)
Net loss per share and diluted loss per share	(0.04)	(0.006)	(0.008)	(0.003)
	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)

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. During 2016, this second mortgage came due and NHS entered into a refinanced second mortgage agreement on its Langley property for an 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. Proceed of the mortgage were used toward paying out the prior second mortgage of $400,000 and the balance for general working capital purposes. The Company may prepay this revised mortgage on payment of a three-month interest penalty.

The Company was able to raise funds through equity issuances during 2016 which are set out under Capital Resources and the Subsequent Events section of this MD&A. These are insufficient cash reserves to implement the complete business plan therefore the Company will need to generate additional working capital.

Management intends to pursue further equity financing to meet its working capital requirements and is reasonably confident that it will be able to continue to fund the Company in this manner. However, 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 has not yet generated 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.
- In January & February of 2016, the Company issued 200,000 common shares as result of warrants exercised by an external consultant at an exercise price of $0.15 per warrant for a total proceed of $30,000.
- In April 2016, 700,000 stock options were exercised at $0.05 per share for a total proceed of $35,000. The Company also issued 500,000 common shares of the Company at a fair value of $0.04 per share for services to an outside consultant. In addition, the Company also issued 1,602,500 common shares at a total fair value of $45,063 to settle debts of $80,126 owed to two current directors of the Company.
- In May 2016, the Company issued 1,200,000 common shares at a fair value of $0.035 per share for total value of $42,000 for consulting services provided by an external consultant.
- In September 2016, the Company issued 500,000 common shares at a fair value of $0.04 per share for total value of $20,000 for consulting services provided by an external consultant.

- In September 2016, 2,880,000 warrants were exercised at $0.05 per share for a total proceed of $144,000.
- In October 2016, the Company issued 3,500,000 common shares at a fair value of $0.07 per share to settle total debts of $249,375.
- From October to December 2016, 4,520,000 warrants were exercised at an exercise price of $0.05 per share for total proceeds of $226,000 and 1,200,000 warrants were exercised at an exercise price of $0.15 per share for total proceeds of $180,000.
- From October to December 2016, 1,400,000 options at an exercise price of $0.065, 1,000,000 options at an exercise price of $0.09, 5,500,000 options at an exercise price of $0.095 and 1,400,000 options at an exercise price of $0.27, were all exercised for total proceeds of $1,081,500.
- In November 2016, the Company issued 10,000,000 common shares at a fair value of $1,017,500 to certain officers and consultants as compensation shares to settle fees of $712,500.
- In November 2016, the Company closed a private placement and issued 8,747,058 units at $0.085 per unit for total proceeds of $743,500. Each unit consists of one common share and one warrant at an exercise price of $0.20 over two years. Share issuance costs of $16,560 was paid in relation to the private placement. The Company issued 5,000,000 warrants as finders' fees at an exercise price of $0.085 per share over two years and issued 329,824 brokers warrants at an exercise price of $0.20 over two years.
- During 2016, the Company granted incentive stock options to several consultants of the Company to purchase up to an aggregate of 9,300,000 common shares in the capital stock of the Company. These options are exercisable at prices from $0.065 to $0.27 per share, and will expire from October 6, 2019 to November 22, 2019. All options were fully vested at the date of grant.
- During the year-ended December 31, 2016, the Company issued 17,500,000 warrants to management and external consultants with each warrant to purchase one common share of the Company at exercise prices from $0.05 to $0.24 per share over 3 to 5 years. These warrants were issued as result of these parties agreeing to defer receiving payments for consultant fees until the Company was in cash flow position.

OFF BALANCE SHEET ARRANGEMENTS

As at December 31, 2016, 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. We will complete the Arrangement with NHS.

TRANSACTIONS WITH RELATED PARTIES

Name and Position	Payment Description	December 31	
		2016	**2015**
Carman Parente[1,2]	Consulting fees for services as CEO	$430,000	$330,000
CEO and a Director	Director fees	$24,000	$24,000
	Share compensation	$82,000	$451,500
		$536,000	$805,500
Anthony Chan	Consulting fees for services as CFO	$240,000	$90,000
Chief Financial Officer and a Director	Director fees	$24,000	$24,000
	Share compensation	$41,000	$129,000
		$305,000	$243,000
Peter Jensen	Consulting fees	$ -	$22,000
Former Director (resigned since November 2015)	Director fees	$ -	$24,000
	Share compensation	$ -	$129,000
		$ -	$175,000
Lorraine Pike[5]	Consulting fees for corporate services	$74,364	$ -
Director (since December 2015)	Director fees	$24,000	$ -
	Share compensation	$16,400	$ -
		$114,764	$ -

[1] The amounts of $Nil (2015 - $688) due from a related party, a company owned by a director of the Company, are non-interest bearing, unsecured and without fixed terms of repayment.

[2] During the year ended December 31, 2016, the Company advanced $Nil (2015: $25,000) as a loan to a company of which the Chief Executive Officer is one of shareholders of this company after a write-off of $25,000. This loan was non-interest bearing and had no fixed terms of repayment.

In addition to the related party transactions set out above, the officers and directors exercised warrants and settled debts for shares during the year 2016 as shown below:

Through a private company controlled by Carman Parente, the Chief Executive Officer:

- exercised 2,000,000 warrants at an exercise price of $0.05 per share for $100,000;
- settled total fees accrued plus taxes of $106,875 for total of 1,500,000 compensation shares; and
- settled total fees accrued plus taxes of $391,875 for total of 5,500,000 compensation shares.

Through a private company controlled by Anthony Chan, the Chief Financial Officer:

- settled total fees accrued plus taxes of $55,125 for total of 1,102,500 shares;
- exercised 1,000,000 warrants at an exercise price of $0.05 per share for $50,000;
- settled total fees accrued plus taxes of $71,250 for total of 1,000,000 compensation shares; and
- settled total fees accrued plus taxes of $142,500 for total of 2,000,000 compensation shares.

The Company's corporate secretary, Lorraine Pike, who is also a director:
- exercised 400,000 warrants at an exercise price of $0.05 per share for $20,000; and
- settled total fees accrued plus taxes of $25,000 for total of 500,000 shares.

Readers may also refer to Note 13 to the audited financial statements for year ended December 31, 2016 for other Due to/From related parties transactions.

During 2016, the Company updated its executive compensation strategy to include a policy requiring the issuance of equities to its executive officers and directors as part of their overall compensation package. New Age Farm believes that equity compensation offers all team members the opportunity to hold a financial stake in the Company that aligns their interests with those of shareholders. When equity awards represent a component of compensation and when team members maintain a stake in the Company, they face upside potential and downside risk alongside investors. New Age Farm's directors may receive their director compensation in shares upon presentation of an invoice to the Company.

OUTSTANDING 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 120,324,317 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
250,000	$0.20	May 2, 2020
300,000		

-- Continued on next page --

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
5,300,000	$0.15	April 15, 2020
8,747,058	$0.20	November 16, 2018
450,000	$0.085	November 16, 2018
329,824	$0.20	November 16, 2018
5,000,000	$0.24	November 27, 2019
8,560,000	$0.15	February 8, 2020
28,386,882		

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, 2016, but during the reporting period for this MD&A:

- 1,440,000 warrants were exercised by various consultants at an exercise price of $0.15 per share and issued 1,440,000 common shares of the Company.
- 5,000,000 warrants were exercised by an external consultant at an exercise price of $0.07 per share and issued 5,000,000 common shares of the Company.
- 100,000 warrants were exercised by an external consultant at an exercise price of $0.05 per share and issued 100,000 common shares of the Company.
- 4,550,000 finders' warrants were exercised by various finders at an exercise price of $0.085 per share and issued 4,550,000 common shares of the Company.
- 500,000 common shares of the Company were issued to a director for his services.
- 6,000,000 stock options were granted to an external consultant as an exercise price of $0.13 per share for two years.
- 6,000,000 stock options were exercised by an external consultant at an exercise price of $0.13 per share and issued 6,000,000 common shares of the Company.
- 10,000,000 warrants were issued to various officers, directors and external consultants with an exercise price of $0.15 per share with an expiry date of February 8, 2020.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The Company was incorporated on September 27, 2013. Accordingly, these Audited Year-end 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 Audited Year-end Financial Statements are presented in Canadian dollars, which is the Company's functional and reporting currency. The Audited Year-end 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 Audited Year-end 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 Audited Year-end 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.

Financial instruments recorded at fair value

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 and deferred costs**

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
Deferred costs	-	Over term of leases

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:

Determination of functional currency

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, 2016 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, 2018, 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, 2018. 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 rent out 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, 2016, 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 audited consolidated financial statements for the year ended December 31, 2016 (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
David Johnson	Director

Contact Address:

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