Christina Lake Cannabis Corp.

(formerly Cervantes Capital Corp.)

Management Discussion & Analysis

(Unaudited – Expressed in Canadian Dollars)

For the years ended November 30, 2018 and 2017

Dated: January 17, 2019

This management's discussion and analysis provides an analysis of our financial situation which will enable the reader to evaluate important variations in our financial situation for the year ended November 30, 2018, compared to the year ended November 30, 2017. This report prepared as at January 17, 2019 intends to complement and supplement our financial statements (the "Financial Statements") as at November 30, 2018 and should be read in conjunction with the financial statements and the accompanying notes.

Our financial statements and the management's discussion and analysis are intended to provide a reasonable base for the investor to evaluate our financial situation.

All dollar amounts contained in this MD&A are expressed in Canadian dollars, unless otherwise specified.

Where we say "we", "us", "our", the "Company" we mean Christina Lake Cannabis Corp., as it may apply.

OVERVIEW

Christina Lake Cannabis Corp. (formerly Cervantes Capital Corp, the "Company") was incorporated in British Columbia under the *Business Corporations Act* (British Columbia) on October 26, 2014 and is engaged in business development services. The Company is a reporting Company in British Columbia and Alberta effective as of December 3, 2014. The Company's registered and records office is Suite 810 – 789 West Pender Street, Vancouver, BC, V6C 1H2, Canada.

Management is responsible for the preparation and integrity of the audited financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including audited annual financial statements and Management Discussion and Analysis ("MD&A"), is complete and reliable.

This discussion contains forward-looking statements that involve risks and uncertainties. Such information, although considered to be reasonable by the Company's management at the time of preparation, may prove to be inaccurate and actual results may differ materially from those anticipated in the statements made. Additional information on the Company is available for viewing on SEDAR at www.sedar.com.

DESCRIPTION OF BUSINESS

The Company has transitioned from a business development service company and intends to apply for a Standard Cultivation License from Health Canada to produce large volumes of high quality cannabis flower and distillates in the lowest possible cost structure, utilizing outdoor cultivation techniques. The Company is also in the process of applying for a Standard Processors Licence ("Processor Licence"). With the Processors Licence, the Company intends to distil 100% of the outdoor production to realize the premium pricing points available to value added processors and streamline distribution methods.

BUSINESS DEVELOPMENT

- On October 16, 2018, the Company, with the intention of focusing its efforts and resources to become a large, low cost cultivator and processer of cannabis, acquired 32 acres of industrial zoned agricultural land in Christina Lake, British Columbia ("Property") for the sum of $863,505 CDN.

  Christina Lake is situated in a prime cultivation climate and it is in close proximity to the largest concentration of craft cannabis cultivators in the country. The Property's existing infrastructure includes a 60' x 50' steel framed building suitable for office, shipping/receiving and houses a maintenance shop. The Property also includes a large 127,000 square foot asphalt slab for the erection of green houses for future expansion into indoor cultivation. The Property meets all federal, provincial and municipal requirements for a cannabis facility.

- In October and November 2018, the Company issued 28,044,005 units at a price of $0.09 per Unit ("Unit") for gross proceeds of $2,523,960. Each Unit consists of one common share and one common share purchase warrant; each warrant is exercisable into one common share, expire one year from the date of issuance and have an exercise price of $0.30. In consideration for their services, the underwriters received a cash commission of $90,269 and the Company paid other finder's fees of $22,680. A total of 1,248,019 finder's warrants were granted with a fair value of $10,863; each finder warrant entitling the holder to acquire one additional common share at $0.30 for a period of 12 months. The fair value of the finders' warrants was determined using the Black Scholes Option Pricing Model with the following assumptions: stock price - $0.09; exercise price - $0.30; expected life – 1 year; volatility – 100%; dividend yield – $0; and risk-free rate – 2.22%.

- On October 22, 2018, the Company issued 5,000,000 Units at a price of $0.04 per common share for gross proceeds of $200,000. Each Unit consists of one common share and one half common share purchase warrant; each whole warrant is exercisable into one common share, expire 4 years from the date of issuance and have an exercise price of $0.09.

- The Company is in the process of submitting a listing statement to the Canadian Securities Exchange ("CSE") and apply for the Standard Cultivation License and Processor License.

- Simultaneously with the acquisition of the Property, the Company entered into employment agreements with Jason Taylor, Nicco Dehaan, Steven Bowering and Timothy O'Donnell, experienced master growers and cannabis processors to oversee the development, and operations of the Facility.

- On October 2018, the Company entered into a service agreement with the leading global compliance firm in the regulated cannabis sector, Cannabis Compliance Inc. ("CCI"). Under the terms of the Agreement, CCI will guide, advise, and prepare the Issuer in the development and preparation of the Facility for federal licensing. CCI will prepare and submit the applications for the Issuer to obtain a Standard Cultivation Licence and Standard Processor Licence along with a Medical Sales Licence. Additionally, among other services, CCI has been engaged to assist in the site plan and floor plan for the Issuer's Facility; physical security design, development of a Security Plan; develop Standard Operating Procedures (SOPs) for the operations of the Facility, ensure Good Production Practices (GPP Compliance) and assist the Issuer in the education and recruitment of key personnel if required.
- Subsequent to the year end, the Company announced that Eugene Beukman has resigned as a director and officer of the Company. The following appointments have been made Arie Prins as CEO and director, Joel Dumaresq as CFO and director, Timothy O'Donnell as Corporate Secretary. The Company also appointed Vincente Benjamin Asuncion, Jason Taylor, Nicco Dehaan and Peter Nguyen as directors.

USE OF PROCEEDS

During the year ended November 30, 2018, the Company completed the Placements for net proceeds of approximately $2,611,011. The Company intends to use the net proceeds to fund financing agreements, general working capital and to investigate other opportunities. The table below provides a breakdown of the intended use, the amounts used to date and any variances.

Intended use of proceeds	Allocation $	Incurred as at November 30, 2018 $	Variances
Fund construction and licensing costs (80%)	2,088,808	863,505	No variances anticipated
General working capital (20%)	522,202	287,530	No variances anticipated
Total	2,611,011	1,151,035	No variances anticipated

Notwithstanding the foregoing, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary for the Company to achieve its objectives

SELECTED ANNUAL INFORMATION FOR THE PAST THREE YEARS

The following table summarizes selected financial data for the Company for each of the three most recently completed financial years. The information set forth below should be read in conjunction with the Financial Statements. Financial Statements for all years presented are prepared in accordance with IFRS.

	Fiscal Years Ended November 30		
	2018	**2017**	**2016**
	$	**$**	**$**
Financial Position			
Total assets	**2,333,922**	**8,022**	**-**
Total liabilities	**73,325**	**23,898**	**7,682**

	Year ended November 30, 2018	**Year ended November 30, 2017**
Expenses		
Consulting fees	$ 261,999	$ 120,000
Director fees	-	6,000
Office and miscellaneous	5,525	4,581
Professional fees	5,073	7,086
Rent	12,000	1,000
Salaries	40,431	-
Share based compensation	250,000	-
Transfer agent	9,510	9,527
Total Expenses	(584,538)	(148,194)
Other Item		
Loss on shares for debt	-	(28,750)

RESULTS OF OPERATIONS

For the year ended November 30, 2018 compared to the year ended November 30, 2017

The Company recorded net loss of $584,538 for the year ended November 30, 2018 compared to a net loss of $176,944 for the corresponding period in 2017. Some of the significant charges to operations are as follows:

- Consulting fees of $261,999 (2017 - $120,000) indicating an increase relative to the comparative period. The Company paid signing bonuses to each of their employees, resulting in an overall increase in consulting fees. The Company relies on consultants and their field of expertise to execute the Company's business plan.
- Director fees of $Nil (2017 - $6,000) were paid for director's services, indicating a decrease of $6,000 for the period, as director's fees were not accrued.
- Rent of $12,000 (2017 - $1,000) were incurred during the period. In the previous period, the Company was charged for one month of rent.
- Salaries of $40,431 (2017 - $Nil) as the Company hired for employees as mentioned in "Business Development" section, resulting in an overall increase in salaries.
- Share based compensation of $250,000 (2017 - $Nil) as the Company estimated the fair value of shares differed from the deemed value.

For the three month period ended November 30, 2018, the Company recorded a net loss of $555,897 compared to a net loss of $55,314. The explanations and discussions of the variances are similar to the discussion above.

SUMMARY OF QUARTERLY RESULTS

The table below presents selected financial data for the Company's eight most recently completed quarters, all prepared in accordance with IFRS.

	Nov 30, 2018 $	Aug 31, 2018 $	May 31, 2018 $	Feb 28, 2018 $	Nov 30, 2017 $	Aug 31, 2017 $	May 31, 2017 $	Feb 28, 2017 $
Deficit and Cash Flow								
Net loss	(555,897)	(15,163)	(5,728)	(7,750)	(55,313)	(24,612)	(88,283)	(8,736)
Basic and diluted loss per share	(0.05)	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)	(0.07)	(0.00)
Balance Sheet								
Total Assets	2,333,922	2,281	2,660	5,879	8,022	10,131	17,943	1,673

There are no general trends regarding the Company's quarterly results and the Company's business is not seasonal, as it can develop and progress on a year-round basis (funding permitting). Quarterly results may vary significantly depending mainly on whether the Company has engaged in new activities or abandoned any projects and these factors which may account for material variations in the Company's quarterly net income (losses) are not predictable.

EQUITY

In October and November 2018, the Company issued 28,044,005 units at a price of $0.09 per Unit ("Unit") for gross proceeds of $2,523,960. Each Unit consists of one common share and one common share purchase warrant; each warrant is exercisable into one common share, expire one year from the date of issuance and have an exercise price of $0.30. In consideration for their services, the underwriters received a cash commission of $90,269 and the Company paid other finder's fees of $22,680. A total of 1,248,019 finder's warrants were granted with a fair value of $10,863; each finder warrant entitling the holder to acquire one additional common share at $0.30 for a period of 12 months. The fair value of the finders' warrants was determined using the Black Scholes Option Pricing Model with the following assumptions: stock price - $0.09; exercise price - $0.30; expected life – 1 year; volatility – 100%; dividend yield – $0; and risk-free rate – 2.22%.

On October 22, 2018, the Company issued 5,000,000 Units at a price of $0.04 per common share for gross proceeds of $200,000. Each Unit consists of one common share and one half common share purchase warrant; each whole warrant is exercisable into one common share, expire 4 years from the date of issuance and have an exercise price of $0.09. The Company determined that the fair value of the Units was $0.09 and recorded a share based payment of $250,000.

LIQUIDITY AND CAPITAL RESOURCES

The financial statements have been prepared on a going-concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business. Continuing operations, as intended, are dependent on management's ability to raise required funding through future equity issuances, its ability to acquire resource property or business interests and develop profitable operations or a combination thereof, which is not assured, given today's volatile and uncertain financial markets. The Company may revise programs depending on its working capital position.

As at November 30, 2018 the Company had a working capital of $1,397,092 (November 30, 2017 – deficiency of $15,876) which primarily consisted of cash of $1,466,048 (2017 - $6,072) and receivables of $4,369 (2017 - $1,950). Current liabilities, being accounts payable and accrued liabilities of $73,325 (2017 – $23,898).

Cash used in operating activities were $287,530 compared to cash inflows of $6,072 in 2017. The Company completed a private placement, changed management and acquired a new property, resulting in an overall increase in cash used in operating activities.

Cash provided by financing activities were $2,456,345 compared to $Nil in 2017. During the period ended November 31, 2018, the Company completed a private placement financing resulting in a net increase in cash for $2,456,345.

Cash used in investing activities was $863,505 compared to cash outflows of $Nil in 2017. The Company acquired land and building in Christina Lake for the Company's future cannabis project.

Other than the above mentioned current liabilities, the Company has no short-term capital spending requirements and future plans and expectations are based on the assumption that the Company will realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. There can be no assurance that the Company will be able to obtain adequate financing in the future or if available that such financing will be on acceptable terms. If adequate financing is not available when required, the Company may be required to delay, scale back or eliminate various programs and may be unable to continue in operation. The Company may seek such additional financing through debt or equity offerings. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

The Company has no assets and has no pledges as security for loans, or otherwise and is not subject to any debt covenants.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

The Executive Officers and Directors of the Company are as follows:

Arie Prins	CEO and Director
Joel Dumaresq	CFO and Director
Timothy O'Donnell	Corporate Secretary
Vincente Benjamin Asuncion	Director
Jason Taylor	Director
Nicco Dehaan	Director
Peter Nguyen	Director

The Company incurred the following related party transactions, with associated persons or corporations, which were undertaken in the normal course of operations and were measured at the exchange amount as follows:

During the year ended November 30, 2018 the Company incurred fees of $24,000 (2017 - $92,000) paid to companies controlled by the former CEO and CFO.

As at November 30, 2018, there was $16,760 (November 30, 2017 - $16,800) included in accounts payable owing to a company controlled by an individual who is an officer and director of the Company. The balances are unsecured, due on demand and is non-interest bearing.

PROPOSED TRANSACTIONS

There are no specific proposed transactions as at the date of this MD&A.

FINANCIAL INSTRUMENTS AND RISKS

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts and subscription receivable. The majority of cash is deposited in bank accounts held with a major bank in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. Credit risk related to cash is assessed as low. Subscription receivable was owed by subscribers to the Company's private placements. Credit risk related to subscription receivable was assessed as low.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash. As of November 30, 2018, the Company has sufficient working capital of $1,397,092 to cover short term obligations.

Historically, the Company's sole source of funding has been loans from related parties and private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. Liquidity risk is assessed as low.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to foreign exchange risk.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at November 30, 2018, the Company did not have any financial instruments subject to interest rate risk.

Management of capital

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity and cash. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

ADDITIONAL SHARE INFORMATION

As at the date of this MD&A the Company had 40,791,605 common shares issued and outstanding. The Company has 31,792,024 warrants outstanding and no stock options outstanding.

CONTINGENCIES

The Company is not aware of any contingencies or pending legal proceedings as of November 30, 2018 and as of the date of this report.

CAUTIONARY STATEMENT ON FORWARD LOOKING INFORMATION

Certain statements contained in this document constitute "forward-looking statements". Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressly stated or implied by such forward-looking statements.

ADDITIONAL DISCLOSURE FOR VENTURE COMPANYS WITHOUT SIGNIFICANT REVENUE

Additional disclosure concerning the Company's general and administrative expenses is provided in the Company's statement of loss and comprehensive loss and note disclosures contained in its financial statements for the period ended November 30, 2018. These statements are available on SEDAR - Site accessed through www.sedar.com.

DISCLAIMER

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. The users of this information, including but not limited to investors and prospective investors, should read it in conjunction with all other disclosure documents provided including but not limited to all documents filed on SEDAR. No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.

RISK FACTORS

The following are certain risk factors relating to the business carried on by the Company that prospective holders of Shares should carefully consider.

Financial Statements Prepared on a Going Concern Basis

The financial statements for the period ended November 30, 2018 have been prepared on a going-concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business. Several material uncertainties may cast a significant doubt on the validity of this assumption. The Company has incurred losses since inception and has no current source of revenue. Continuing operations, as intended, are dependent on management's ability to raise required funding through future equity issuances, its ability to acquire resource property or business interests and develop profitable operations or a combination thereof, which is not assured, given the volatile and uncertain financial markets. The financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. At November 30, 2018, the Company had a deficit of $795,164 (November 30, 2017 - $210,626) and a working capital of $1,397,092 (November 30, 2017 – working capital deficit of $15,876).

There can be no assurance that the Company will be able to continue to raise funds, in which case the Company may be unable to meet its obligations. Should the Company be unable to continue as a going-concern, the net realizable values of its assets may be materially less than the amounts recorded on the condensed interim statement of financial position.

Limited Operating History

The Company has a limited operating history, which can make it difficult for investors to evaluate the Company's operations and prospects and may increase the risks associated with investment into the Company.

Timeframes and Cost to Obtain a License to Cultivate and Sell Under the ACMPR

The timeframes and costs required for the Company or any applicant for a license under the ACMPR to build the infrastructure required, to apply for, and to receive, a license can be significant. The current backlog of applications from other licensees with Health Canada and the anticipated timeframe for processing and approval of any application for a license to cultivate or sell medical marijuana cannot be reliably determined at this time. If the Company is unable to secure the appropriate Licenses through Health Canada this would have a material adverse impact on the business, financial condition and operating results of the Company.

Competition

There is potential that the Company will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and experience than the Company. Currently, the cannabis industry generally is comprised of individuals and small to medium-sized entities, however, the risk remains that large conglomerates and companies who also recognize the potential for financial success through investment in this industry could strategically purchase or assume control of certain aspects of the industry. In doing so, these larger competitors could establish price setting and cost controls which would effectively "price out" many of the individuals and small to medium-sized entities who currently make up the bulk of the participants in the varied businesses operating within and in support of the medical and adult-use marijuana industry. While most laws and regulations seemingly deters this type of takeover, this industry remains quite nascent, so what the landscape will be in the future remains largely unknown, which in itself is a risk.

Because of the early stage of the industry in which the Company will operate, the Company expects to face additional competition from new entrants. To become and remain competitive, the Company will require research and development, marketing, sales and support. The Company may not have sufficient resources to maintain research and development, marketing, sales and support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Company.

Additional Financing

The Company may require equity and/or debt financing to undertake capital expenditures or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to the Company when needed or on terms that are commercially viable. The Company's inability to raise financing to fund capital expenditures or acquisitions could limit its growth and may have a material adverse effect upon future profitability.

If additional funds are raised through further issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions.

Market Development

Due to the early stage of the legal cannabis industry, forecasts regarding the size of the industry and the sales of products are inherently subject to significant unreliability. A failure in the demand for products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Company.

Reliance on Management

The success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management and employees. While employment agreements or management agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results or financial condition.

Operation Permits and Authorizations

The Company may not be able to obtain or maintain the necessary licenses, permits, authorizations or accreditations, or may only be able to do so at great cost, to operate the businesses. In addition, the Company may not be able to comply fully with the wide variety of laws and regulations applicable to the cannabis industry. Failure to comply with or to obtain the necessary licenses, permits, authorizations or accreditations could result in restrictions on a Licensee's ability to operate in the cannabis industry, which could have a material adverse effect on the Company's business.

Liability, Enforcement Complaints, etc.

The Company's participation in the cannabis industry may lead to litigation, formal or informal complaints, enforcement actions, and inquiries by various federal, provincial, or local governmental authorities against it. Litigation, complaints, and enforcement actions involving the business could consume considerable amounts of financial and other corporate resources, which could have an adverse effect on the Company's future cash flows, earnings, results of operations and financial condition.

Product Liability

Certain of the Company's proposed manufacture, process and/or distribute of cannabis products are designed to be ingested by humans, and therefore face an inherent risk of exposure to product liability claims, regulatory action and litigation if products are alleged to have caused significant loss or injury. In addition, previously unknown adverse reactions resulting from human consumption of cannabis alone or in combination with other medications or substances could occur. A product liability claim or regulatory action against the Company could result in increased costs, could adversely affect the Company's reputation, and could have a material adverse effect on the results of operations and financial condition of the Company.

Reliance on Key Inputs

The cultivation, extraction and processing of cannabis and derivative products is dependent on a number of key inputs and their related costs including raw materials, electricity, water and other local utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the business, financial condition and operating results of the Company. Some of these inputs may only be available from a single supplier or a limited group of suppliers.

If a sole source supplier was to go out of business, the Company might be unable to find a replacement for such source in a timely manner or at all. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on the business, financial condition and operating results of the Company.

Resale of Shares

There can be no assurance that the Company will successfully obtain a listing on the CSE. If the Company is successful in obtaining a listing for its shares, there can be no guarantee that an active and liquid market for the Shares will develop or be maintained and an investor may find it difficult to resell any securities of the Company. In addition, there can be no assurance that the publicly-traded stock price of the Company will be high enough to create a positive return for investors. Further, there can be no assurance that the stock of the Company will be sufficiently liquid so as to permit investors to sell their position in the Company without adversely affecting the stock price. In such event, the probability of resale of the Company's shares would be diminished.

Price Volatility of Publicly Traded Securities

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continuing fluctuations in price will not occur. It may be anticipated that any quoted market for the shares of the Company will be subject to market trends generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings. The value of the Company's shares will be affected by such volatility. An active public market for the Company's shares might not develop or be sustained after the completion of the listing. If an active public market for the Company's shares does not develop, the liquidity of a shareholder's investment may be limited and the share price may decline.

Management of Growth

The Company may experience a period of significant growth in the number of personnel that will place a strain upon its management systems and resources. Its future will depend in part on the ability of its officers and other key employees to implement and improve financial and management controls, reporting systems and procedures on a timely basis and to expand, train, motivate and manage the workforce. The Company's current and planned personnel, systems, procedures and controls may be inadequate to support its future operations.

Dividends

The Company does not anticipate paying any dividends in the foreseeable future. Dividends paid by the Company would be subject to tax and, potentially, withholdings.

Intellectual Property

The success of the Company will depend, in part, on the ability to maintain and enhance trade secret protection over the various existing and potential proprietary techniques and processes of the Company. The Company may be vulnerable to competitors who develop competing technology, whether independently or as a result of acquiring access to the proprietary products and trade secrets of the Company. In addition, effective future patent, copyright and trade secret protection may be unavailable or limited in certain foreign countries and may be unenforceable under the laws of certain jurisdictions.

Insurance Coverage

The Company will require insurance coverage for a number of risks. Although Management believes that the events and amounts of liability covered by such insurance policies should be reasonable, taking into account the risks relevant to the Company's business, and the fact that agreements with users contain limitations of liability, there can be no assurance that such coverage will be available or sufficient to cover claims to which the Company may become subject. If insurance coverage is unavailable or insufficient to cover any such claims, the Company's financial resources, results of operations and prospects, could be adversely affected.

Costs of Maintaining a Public Listing

As a public company, there are costs associated with legal, accounting and other expenses related to regulatory compliance. Securities legislation and the rules and policies of the CSE require listed companies to, among other things, adopt corporate governance and related practices, and to continuously prepare and disclose material information, all of which add to a company's legal and financial compliance costs. The Company may also elect to devote greater resources than it otherwise would have on communication and other activities typically considered important by publicly traded companies.

Litigation

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company, such a decision could adversely affect the Company's ability to continue operating and the market price for Shares and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant resources.

Operational Risks

The Company may be affected by a number of operational risks and may not be adequately insured for certain risks, including: labour disputes; catastrophic accidents; fires; blockades or other acts of social activism; changes in the regulatory environment; impact of non-compliance with laws and regulations; natural phenomena, such as inclement weather conditions, floods, earthquakes and ground movements. There is no assurance that the foregoing risks and hazards will not result in damage to, or destruction of, the Company's Property and Facility, personal injury or death, environmental damage, adverse impacts on the Company's operations, costs, monetary losses, potential legal liability and adverse governmental action, any of which could have an adverse impact on the Company's future cash flows, earnings and financial condition on the Company. Also, the Company may be subject to or affected by liability or sustain loss for certain risks and hazards against which they may elect not to insure because of the cost. This lack of insurance coverage could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Difficulty Implementing Business Strategy

The growth and expansion of the Company is heavily dependent upon the successful implementation of its business strategy. There can be no assurance that the Company will be successful in the implementation of its business strategy.

Conflicts of Interest

Certain of the Company's directors and officers are, and may continue to be, involved in other business ventures through their direct and indirect participation in corporations, partnerships, joint ventures, etc. that may become potential competitors of the technologies, products and services the Company intends to provide. Situations may arise in connection with potential acquisitions or opportunities where the other interests of these directors and officers conflict with or diverge from the Company's interests. In accordance with applicable corporate law, directors who have a material interest in or who is a party to a material contract or a proposed material contract with the Company are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors and officers are required to act honestly and in good faith with a view to the Company's best interests. However, in conflict of interest situations, the Company's directors and officers may owe the same duty to another company and will need to balance their competing interests with their duties to the Company. Circumstances (including with respect to future corporate opportunities) may arise that may be resolved in a manner that is unfavourable to the Company.

Available Talent Pool

As the Company grows, it will need to hire additional human resources to continue to develop the business. However, experienced talent in the areas of cannabis research and development, cultivation of cannabis and extraction is difficult to source, and there can be no assurance that the appropriate individuals will be available or affordable to the Company. Without adequate personnel and expertise, the growth of the Company's business may suffer.

Cautionary Statement

Statements contained in this MD&A that are not historical facts are forward-looking statements (within the meaning of the Canadian securities legislation that involve risks and uncertainties. Forward-looking statements are frequently, but not always, identified by words such as "expects", "anticipates", "believes", "intends", "estimates", "potential", "possible" or variations of such words and phrases or the negative connotation thereof, or statements that events, conditions or results "will", "may", "could" or "should" occur or be achieved. The forward-looking statements may include statements regarding future financial conditions, results of operations, plans, objectives, performance or business developments, capital expenditures, timelines, strategic plans, market or industry growth, evaluation of the potential impact of future accounting changes, share-based payments and carrying value of intangible assets or other statements that are not statements of fact. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company may differ materially from those reflected in forward-looking statements due to a variety of risks, uncertainties and other factors.

Risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by the forward-looking statements include, without limitation,

- treatment under government regulatory and taxation regimes;
- expectations regarding the Company's ability to raise capital;
- the listing of the Company Shares on the CSE;
- the Company's business strategies, intentions to develop its business and operations, objectives

and plans to pursue the commercialization of its products;

- expectations for expansion plans for the Facility and its costs;
- expectations of successful receipt of the Licenses from Health Canada to produce and sell medical cannabis at such facility;
- the suitability of the Facility;
- expectations regarding production costs, capacity and yields of the Company's business and growth thereof;
- the Company's estimates of the size of the potential markets for its products and the rate and degree of market acceptance of such products and its competitive positions in relation thereto;
- projections of market prices and costs and the future market for the Company's products and conditions affecting same;
- estimates of the Company's future revenues and profits;
- the Company's anticipated cash needs, needs for additional financing and use of funds;
- statements relating to the business and future activities of, and developments related to the Company after the date of this Listing Statement and thereafter; and
- liquidity of the Common Shares following listing of the Shares.

The actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this MD&A:

- timeframes and costs to achieve Licensing under the Cannabis Act and Regulations;
- treatment under government regulatory and taxation regimes and potential changes thereto;
- limited operating history and negative operating cash flow;
- reliance by the Company on a single production facility and factors relating to the development of the Facility;
- expansion plans for the Facility being subject to Health Canada regulatory approvals;
- dependence on management and conflicts of interest;
- restrictions on marketing activities in the medical cannabis industry;
- competition for, among other things, customers, land and greenhouses, supply, capital, capital acquisitions of products and skilled personnel;
- consumer acquisition and retention;
- risks and liabilities inherent in medical cannabis and agricultural operations;
- unfavourable publicity or consumer perception;
- product liability and recall risks as well as general operating risks;
- environmental risks;
- availability of financing opportunities;
- risks relating to global financial and economic conditions;
- future liquidity and financial capacity; and
- other factors discussed under "*Risk Factors*".

It is the Company's policies that all forward-looking statements are based on the Company's beliefs and assumptions which are based on information available at the time these assumptions are made. The forward-looking statements contained herein are based on information available as at November 30, 2018 and are subject to change after this date. Forward-looking statements are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such forward looking statements. Consequently, all forward-looking statements made in this MD&A are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects on the Company. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date of this MD&A and, other than as required by applicable securities laws, the Company assumes no obligation to update or revise them to reflect new events or circumstances.