The Green Organic Dutchman Holdings Limited

Management's Discussion and Analysis

For the three and nine months ended September 30, 2019 and September 30, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management's Discussion and Analysis ("MD&A") reports on the consolidated financial condition and operating results of The Green Organic Dutchman Holdings Ltd. (the "Company" or "TGODH") for the three and nine months ended September 30, 2019 and 2018. The MD&A should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements for the three months and nine months ended September 30, 2019 and September 30, 2018 (the "interim consolidated financial statements") which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). This MD&A provides information on the operating activities, performance and financial position of the Company and is intended to assist in understanding of the Company's business and key factors underlying its financial results. **All dollar amounts referred to in this MD&A are expressed in thousands of Canadian dollars except where indicated otherwise.**

Additional information relating to the Company can be found on the Company's website at www.tgod.ca or at the Company's SEDAR profile at www.sedar.com.

FORWARD LOOKING INFORMATION

This MD&A may contain "forward-looking information" within the meaning of Canadian securities legislation ("forward-looking statements"). These forward-looking statements are made as of the date of this MD&A and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required under applicable securities laws. Forward-looking statements relate to future events or future performance and reflect Company management's expectations or beliefs regarding future events.

In some cases, these forward-looking statements can be identified by words or phrases such as "may", "might", "will", "expect", "anticipate", "estimate", "intend", "plan", "indicate", "seek", "believe", "predict" or "likely", or the negative of these terms, or other similar expressions intended to identify forward-looking statements. The Company has based these forward-looking statements on its current expectations and projections about future events and financial trends that it believes might affect its financial condition, results of operations, business strategy and financial needs. Some examples of forward-looking statements include but are not limited to the expected costs, completion dates of the facilities, production capacity, receipt of licences, etc.

Assumptions

Forward-looking statements are based on certain assumptions and analyses made by the Company in light of the experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate and are subject to risks and uncertainties. In making the forward-looking statements included in this MD&A, the Company has made various material assumptions, including but not limited to:

- (i) general business and economic conditions;
- (ii) the Company's ability to continue as a going concern and successfully execute its plans and intentions;
- (iii) the completion of the construction of its facilities in Hamilton and Québec.
- (iv) obtaining the necessary regulatory approvals;
- (v) that regulatory requirements may or may not adversely affect the business;
- (vi) the availability of financing on reasonable terms;
- (vii) the Company's ability to attract and retain skilled staff;
- (viii) market competition and product demand;
- (ix) the products and technology offered by the Company's or its competitors; and
- (x) that our current good relationships with our suppliers, service providers and other third parties will be maintained.

Although we believe that the assumptions underlying these statements are reasonable, they may prove to be incorrect, and we cannot assure that actual results will be consistent with these forward-looking statements.

Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There is no assurance that such 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. We do not undertake to update or revise any forward-looking statements, except as, and to the extent required by, applicable securities laws in Canada.

The Company's forward-looking statements are based on the reasonable beliefs, expectations and opinions of management as of November 14, 2019, the date of this MD&A.

BUSINESS OVERVIEW

The Company was incorporated under the Canada Business Corporations Act on November 16, 2016. The Company's registered and head office is located at 6205 Airport Rd., Building A – Suite 301, Mississauga, Ontario L4V 1E3. The Company completed its initial public offering on May 2, 2018. The Company's Common Shares trade on the TSX under the symbol "TGOD" and on the OTCQX under the symbol "TGODF".

The Company's wholly-owned subsidiary The Green Organic Dutchman Ltd. is a licensed producer under the Cannabis Act (Canada) (a "Licensed Producer") and holds a license to produce at its property near Hamilton, Ontario ("Hamilton Facility") dried and fresh marijuana, marijuana plants and seeds, and to sell such marijuana products within Canada to provincially authorized retailers or distributors and federal licensed entities. The Company's wholly-owned subsidiary Medican Organic Inc. is constructing a second facility located in Valleyfield, Québec ("Québec Facility") which, when fully constructed and licenced, is expected to be the largest organic cannabis cultivation and processing facility in the world.

In addition to its Canadian operations, the Company, through its subsidiaries, is pursuing an international growth strategy, including through interests in a fully integrated medical cannabis cultivation and retail operation in Jamaica and a hemp cultivation and extraction business based in Poland. The Company has also formed a strategic partnership for the distribution of cannabis and hemp-derived medical products in Mexico and joint ventures in Denmark for producing organic medical cannabis and developing cannabis genetics.

Since inception, the Company has incurred recurring operating losses, having invested significantly in its cultivation facilities, research and development activities and selling, marketing, general and administrative expenses. The Company has financed its operations through equity raises including the issuance of Common Shares and warrants through various private placements, its initial public offering and through subsequent equity financings. The Company expects to continue to incur losses in the short term and will require additional capital to fulfill its future obligations. Please refer to the section on "Liquidity and Capital Resources" below. The Company believes that its unique scaled certified organic market position, the ongoing advancement of the construction of its facilities, and its strategic partnerships and investments will allow it to operate profitably in the future.

RECENT DEVELOPMENTS

Updated Strategic Plan and Financing

On October 18, 2019, the Company announced a new strategic, construction and operating plan, including a series of actions to reduce the Company's financing requirements and to calibrate construction of cultivation facilities to anticipated initial demand in Canadian markets. In particular, the Company's constructions of its Québec Facility will be demarcated into smaller phases, with later phases to be assessed in the light of developing market conditions.

The Company estimated that it will need approximately $70,000 to $80,000 between the beginning of Q4-2019 and the end of Q2-2020 to undertake the plan and reach positive operational cash flow by Q2-2020 and achieve between 20,000 kg and 22,000 kg of planned cannabis flower production in 2020. This plan maintains the optionality to recommence completion of Québec's previously communicated "Phase 1a" to full 65,000 kg capacity and "Phase 1b" for a further 65,000 kg once there is a clear path to Canadian retail store expansions and legal revenue growth. Further details are available in the "Liquidity and Capital Resource" sections below.

On November 13, 2019, the Company signed arrangements for up to $103,000 in funding. The financing package consists of three elements: a definitive agreement for a sale-leaseback of the Ancaster Energy Centre; a construction mortgage loan term sheet; and a convertible equity note term sheet. On November 13, 2019, the Company signed the following agreements:

(i) a definitive agreement for a sale-leaseback of the Company's energy centre in Hamilton, Ontario, for gross proceeds of $23,000 subject to the purchaser's final due diligence and other customary closing conditions. The lease term is for ten years and allow the Company to repurchase the associated assets for $1 at the end of the lease.

(ii) a term sheet for a construction mortgage loan for gross proceeds of up to $40,000, secured on both the Hamilton and Quebec facilities. The terms include $15,000 payable on closing with an additional $25,000 available upon the Company meeting certain operational milestones. The loan carries an initial term of two years that may be extended for one additional year. The term sheet is subject to various conditions, including entering into legally binding documentation and satisfactory final due diligence.

(iii) a term sheet for a note with an investment fund for approximately gross proceeds of $40,000 (US$30 million) which includes a 5% coupon, convertible into common shares of the Company. Under the terms of the arrangement, the Company would receive approximately gross proceeds of $13,333 (US$10 million) upon closing and the remaining funds to be placed into escrow and to be released as the note is converted into common shares. The term sheet is subject to various conditions, including entering into legally binding documentation, satisfactory final due diligence and receipt of regulatory approvals.

The Company expects to close these transactions by the end of Q4-2019, but there can be no assurance that the transactions close on that time frame or at all.

The capital raised is going to be used to:

- Complete construction of the processing building at the Hamilton Facility
- Complete construction of six zones in the Valleyfield hybrid greenhouse and enclose the balance of the facility with the ability to quickly expand production as the market develops.
- Provide adequate cash for working capital needs to bridge until the Company expects to generate positive operational cash flow.
- Achieve national distribution of the Company's products in early 2020.

In November 2019, the Company began reducing general and administrative spending, including but not limited to reducing positions across various departments and locations as part of the strategic plan to right size the operations in line with the evolving cannabis market. The Company aims to reduce general and administrative expenses by $3,000 per quarter in Q1-2020.

Pharmacokinetic Study Results for Cannabis 2.0

On September 9, 2019, the Company announced the results from a pharmacokinetic study with Caliper Foods. For this study, half of the participants were administered 30mg of Caliper Foods' water-soluble CBD powder in 8oz of water while the other half received 30mg of CBD dispersed in MCT oil. Blood samples were drawn at pre-determined times over six hours. Early data shows that the group that received Caliper CBD demonstrated faster onset within 15 minutes, with higher concentrations achieved at 15 minutes compared to the maximum concentration achieved at 45 min with the CBD in oil formulation, and a 4.5-fold higher observed total bioavailability. The CBD was largely eliminated from the body after about 6 hours for both Caliper CBD and CBD oil subjects, and a more rapid reduction was observed with the Caliper CBD subjects after 45 minutes. TGOD intends to commercialize organic cannabinoid dissolvables in Canada beginning in December 2019 under the TGOD-Infusers line of premium cannabis products. The Company has already developed novel fast-acting formulations leveraging this technology with its lineup of organic teas, shots, and ready-to-drink beverages.

On October 21, 2019, the Company's subsidiary, The Green Organic Dutchman Ltd., received its updated licence from Health Canada allowing it to produce cannabis products such as edibles, beverages, vapes, topicals as permitted by the amended cannabis regulations which has widely been referred to in the industry as "Cannabis 2.0".

Update on Aurora Cannabis Shareholder Rights

On September 4, 2019, the Company announced that Aurora Cannabis Inc. ("Aurora") disposed of its common shareholdings of the Company. Aurora continues to hold common share purchase warrants representing approximately 5% of the Company's Common Shares on a fully diluted basis. As a result of the transaction, the Cannabis Supply Agreement between a subsidiary of the Company and a subsidiary of Aurora dated January 12, 2018 and the Investor Rights Agreement between the Company and Aurora each automatically terminated.

Hamilton Facility

On September 3, 2019, the Company announced that it had received approval from Health Canada to expand operations at its Hamilton Facility into its 101,000 square foot hybrid greenhouse.

Ontario Cannabis Store Pilot

On August 16, 2019, the Company announced its inaugural pilot shipment of product to the Ontario Cannabis Retail Corporation ("OCS"), marking the Company's entrance into Canada's recreational cannabis market. On September 12, 2019, the Company fulfilled an additional order of its high-THC signature strain, Unite Organic, to the OCS earlier than initially anticipated as part of the pilot program.

NASDAQ Capital Markets Application

On August 7, 2019, the Company formally applied to be listed on the NASDAQ Capital Markets exchange. The Company currently does not meet certain market eligibility criteria. The Company will revisit its eligibility to pursue the application should market conditions change.

OTHER DEVELOPMENTS

On January 3, 2019, the Company entered into an agreement to use EnWave Corporation's ("EnWave") proprietary Radiant Energy Vacuum ("REV™") dehydration technology to dry organic cannabis in Canada. On March 26, 2019, the Company purchased an additional three REV™ processing lines to expand its drying capacity of premium, certified organic cannabis in Canada. The addition of three 120kW REV™ machines will increase its total royalty-bearing cannabis processing capacity to a combined total of 420kW of REV™ machinery.

On January 7, 2019, the Company appointed Dr. Caroline MacCallum and Mr. Jacques Dessureault to the Board of Directors. On the same date, Mr. Ian Wilms stepped down from the Board and assumed the role of VP, Government Affairs and Social Responsibility.

On January 17, 2019, the Company appointed Dr. Ravinder Kumar, PhD, as Chief Science Officer.

On January 25, 2019, the Company entered into a definitive agreement with Knud Jepsen ("KJ Definitive Agreement") to establish a joint venture; for the purpose of producing commercial cannabis and cannabis oils (the "Production JV") and for developing and patenting cannabis genetics (the "Genetics JV"). The Genetics JV, which was incorporated on March 18, 2019, and the initial Production JV will be based in Denmark with a goal to expand further Production JVs into future lower-cost European jurisdictions. The KJ Definitive Agreement outlines the Company's and Knud Jepsen's launch of a premium organic European bulk cannabinoid production platform where TGODH will have the exclusive right to all cannabis-related production, through a guaranteed offtake agreement at a pre-determined price relative to production cost. Further, the Production JVs will have exclusive access to all intellectual property, including cannabis genetics developed within the Genetics JV. Knud Jepsen is responsible for the day-to-day operations of the joint venture and TGODH will leverage Knud Jepsen's years of horticulture experience, and its science and R&D division, to accelerate commercial operations in Denmark and throughout Europe. On November 22, 2018, the Danish Medicines Agency, the government body responsible for issuing cannabis related licences, granted an initial cannabis business authorization to Knud Jepsen, which license was transferred to the Genetics JV on April 5, 2019, with the approval of the Danish Medicines Agency. This licence allows the Genetics JV to import starting materials and to begin research and development related to the creation of cannabis genetics.

On July 19, 2018, the Company announced its intention to complete a spinoff transaction whereby the Company would spinoff, by way of special dividend under a plan of arrangement (the "Arrangement"), TGOD Acquisition Corporation ("SpinCo"), a company that will focus on international acquisitions that are not core to the Company's business. Shareholders approved the spinoff at the Company's December 6, 2018 annual general and special meeting and the Company received the final order in respect of the spinoff from the Ontario Superior Court of Justice on January 16, 2019. Each shareholder of the Company as of the record date of January 31, 2019 who was a non-US resident and elected to receive unit purchase warrants received 0.15 of one-unit purchase warrant of SpinCo for every one common share held in the Company. Each unit purchase warrant entitled the holder to purchase one unit of SpinCo upon (i) the holder tendering the exercise price of $0.50 per SpinCo unit (not in thousands) to Spin Co within 30 days following the effective date of the plan of arrangement implementing the spinoff and (ii) SpinCo obtaining a receipt for a final prospectus qualifying the distribution of the SpinCo Units within 60 days of such date, failing which the exercise proceeds will be returned to exercising warrant holders. Each unit of SpinCo consisted of one SpinCo common share and one half of one SpinCo common share purchase warrant. Each SpinCo common share purchase warrant is exercisable to purchase a SpinCo common share for an exercise price of $1.25 (not in thousands) at any time until the date that is 24 months from the date the SpinCo common shares commence trading on a recognized securities exchange. On January 28, 2019, the Company's wholly owned subsidiary SpinCo shares were transferred to a third-party company pursuant to the terms of the Arrangement. A copy of the Circular and related meeting materials, the Arrangement Agreement and the Amending Agreement are available under TGOD's profile on SEDAR at www.sedar.com. On June 3, 2019, the SpinCo Unit Warrants of SpinCo were distributed to all registered shareholders of record of the Company as of January 31, 2019 who elected to receive the SpinCo Unit Warrants.

On February 8, 2019, the Company announced that it has secured a cannabis supply agreement with the Ontario Cannabis Retail Corporation. The agreement was negotiated jointly by the Company and Velvet Management Inc., the Company's Canadian distribution partner.

On March 5, 2019, the Company announced that it has received organic certification from Pro-Cert Organic Systems Ltd. ("Pro-Cert"). This is the second certification body to endorse the Company's organic processes at its Hamilton Facility. On June 27, 2019, the Company's Québec Facility also obtained organic certification from Pro-Cert.

On March 11, 2019, the Company announced that it has entered into a multi-year extraction services contract with Valens GroWorks Corp. ("Valens"). Pursuant to the terms of the initial 2-year agreement, Valens will process, extract and purify TGODH's cannabis and hemp biomass under conditions specified by TGODH as demanded by final product manufacturing and formulation requirements. TGODH will supply Valens with significant quantities of cannabis and hemp and Valens will provide extraction purification services processing the cannabis and hemp into premium quality resins and distillates.

TGODH intends to use the concentrated cannabinoid resins and distillates to produce oils, sprays and capsules as well as oils for vaporization and future edible, beverage and topical products.

On March 28, 2019, the Company announced that Hamilton City Council had voted to approve the Company's settlement offer, to allow TGOD to operate its cannabis greenhouse in Hamilton, Ontario upon confirmation of the settlement by the Local Planning Appeal Tribunal ("LPAT"). On May 2, 2019, the LPAT approved the settlement agreement paving the way to the completion of the construction project and production at scale.

On April 22, 2019, the Company received its oil sales licence from Health Canada, pursuant to the Cannabis Act, for the Hamilton Facility.

On April 26, 2019, HemPoland received organic certification from EKOGWARANCJA PTRE. The organic certification was provided by the Polish Center for Accreditation on authority from the Minister of Agriculture and Rural Development. HemPoland's facilities, production processes and product offerings are certified organic.

On April 30, 2019, Valens, obtained its organic certification from Pro-Cert.

On May 1, 2019, the Company's strategic partner in Jamaica, Epican, announced the receipt of its second retail licence and the opening of its second legal cannabis retail store in Jamaica, located on Montego Bay's "Hip Strip". Montego Bay is a popular tourist destination and Jamaica's second largest city. The Montego Bay dispensary, located on the main tourist shopping strip, is the second Epican dispensary to open, after Epican's Herb House in Kingston which opened in June 2018. Epican is the first fully integrated company to have obtained a second retail licence from Jamaica's Cannabis Licensing Authority (CLA). Epican plans to open three additional Herb Houses on the island.

On May 8, 2019, the Company announced its strategic investment into the US beverage space as a co-founding investor and strategic partner in the newly formed Califormulations LLC ("Califormulations"). Califormulations will operate out of Columbus, Georgia serving global branded companies with concept-to-shelf beverage commercialization support including formulation development, technical services, in-house pilot scale production and contract manufacturing co-ordination. The Company expects to leverage experience within Califormulations to expedite the US launch of TGOD branded organic hemp-based CBD beverages, as local laws and regulations permit. The Company's co-founding investment is occurring alongside Symrise AG ("Symrise"), one of the world's leading flavour, scent and nutrition ingredient providers.

On May 9, 2019, the Company secured a cannabis supply agreement with the BC Liquor Distribution Branch ("BCLDB"). The BCLDB, under the brand BC Cannabis Stores, is British Columbia's public retailer of non-medical cannabis.

On May 13, 2019, the Company announced that it had entered into an agreement with Mediakos UG haftungsbeschraenkt ("Mediakos") to be the exclusive distributor of CannabiGold, its premium hemp CBD brand, for the German pharmacy market.

On May 14, 2019, the Company obtained approval from Health Canada, under the Cannabis Regulations, to expand operations into its new state-of-the-art building located in Hamilton, Ontario. The 20,000 square feet indoor facility is going to be used for cannabis cultivation.

On May 24, 2019, the Company secured a cannabis supply agreement with Alberta Gaming, Liquor & Cannabis ("AGLC") further expanding its footprint in Western Canada. AGLC, under the brand Alberta Cannabis, is Alberta's legal, non-medical online cannabis store.

On June 12, 2019, the Company entered into a multi-year agreement with Neptune Wellness Solutions ("Neptune") for extraction, formulation and packaging services. As part of the agreement, the Company will have exclusivity on extraction, formulation and packaging of certified organic products within and for the Canadian market. Neptune's expertise will enable the Company to quickly scale up production of a wide range of consumer wellness products.

OVERALL PERFORMANCE

SELECTED YEAR TO DATE INFORMATION

The table below summarizes selected information regarding the Company's financial position and operations for the periods presented in accordance with IFRS and on a consistent basis with the interim consolidated financial statements and related notes:

	As at September 30, 2019	As at January 1, 2019*	As at December 31, 2017
Total assets	**$ 456,094**	$ 447,236	$ 96,977
Total non-current financial liabilities	**$ 4,065**	$ 3,591	$ -
Total shareholders' equity	**$ 383,721**	$ 413,655	$ 77,248

** Refer to "New standards, interpretations and amendments adopted by the Company".*

	For the nine months ended	
	September 30, 2019	**September 30, 2018**
Revenue	**$ 7,913**	$ -
Loss from operations	**$ (50,951)**	$ (25,915)
Net loss	**$ (50,997)**	$ (27,082)
Comprehensive loss	**$ (53,984)**	$ (27,082)
Net loss per share (basic & diluted)	**$ (0.19)**	$ (0.13)

SUMMARY OF YEAR TO DATE ("YTD") RESULTS – YTD-2019 as compared to YTD-2018

Revenues

Revenue recognized for the nine months ended September 30, 2019 amounted to of $7,913 (nine months ended September 30, 2018 - $nil). The current year's revenues were comprised of sales of hemp-based products through its wholly owned subsidiary, HemPoland of $7,322 and $591 of cannabis sales in Canada. In Canada, the revenues were primarily driven by the Company's pilot sales in the adult-use market to the OCS. Given the Company's larger facilities were still under construction and awaiting further certification, the Company decided to enter the medical and recreational markets with pilot programs to introduce one strain, Unite Organic, to patients and consumers, respectively with product from the smaller certified buildings at the Hamilton site capable of producing product. The Company is using the knowledge gained from each of its pilot program to ensure it is in a position to provide customers and patients with consistent, reliable and high-quality product all whilst focusing on operational readiness at the Hamilton and Québec facility locations.

Gross profit

The Company's gross profit for the nine months ended September 30, 2019 was $5,019 mainly as a result of the hemp revenue from HemPoland and the OCS pilot sales in addition to the unrealized gains on changes in the fair value of the Company's biological assets of $552. The Company did not realize a gross profit from sales for the nine months ended September 30, 2018 other than the recognition of $305 though unrealized changes in the fair value of the Company's biological assets. The Company expects the cost of sales due to growing Cannabis to be reduced significantly when the completed Hamilton greenhouse and six rooms at the Québec facility are fully operational in 2020 with better economies of scale.

Sales and marketing expenses

	For the nine months ended			
	September 30, 2019	**September 30, 2018**	**Variance to Q3-2018 ($)**	**Variance to Q3-2018 (%)**
Personnel costs	**1,968**	445	1,523	342%
Third party marketing expenses	**5,473**	2,161	3,312	153%
Travel and promotion expenses	**651**	301	350	116%
Strategic partnership payments	**2,085**	-	2,085	n/a
Other marketing expenses	**91**	-	91	n/a
	10,268	2,907	7,361	253%

Sales and marketing expenses of $10,268 for the nine months ended September 30, 2019 were $7,361 higher than expenses of $2,907 for the nine months ended September 30, 2018. With the assistance of its strategic partner, Velvet Management, the Company has successfully signed the largest cannabis boards across Canada to supply agreements.

Research and development expenses

	For the nine months ended			
	September 30, 2019	**September 30, 2018**	**Variance to Q3-2018 ($)**	**Variance to Q3-2018 (%)**
Personnel costs	**700**	1,061	(361)	(34%)
Product development	**522**	435	87	20%
Travel related expenses	**97**	178	(81)	(46%)
Other research and development expenses	**244**	363	(119)	(33%)
	1,563	2,037	(474)	(23%)

Research and development ("R&D") expenses of $1,563 for the nine months ended September 30, 2019 were $474 lower than expenses of $2,037 for the corresponding period in 2018. R&D expenses decreased year over year as a result of the earlier research at the existing 7,000 sq. ft. facility to ensure operational readiness. For the nine months ended September 30, 2019, the Company's R&D initiatives were led by Chief Science Officer Rav Kumar, Ph.D., in building out his team to explore the efficacy of organic products and new product lines such as topicals, beverages and edibles for the October 17, 2019 legalization of such products ("Cannabis 2.0"). The Company intends to commercialize organic cannabinoid dissolvables in Canada beginning in December 2019 under the TGOD-Infusers line of premium cannabis products. The Company has already developed novel fast-acting formulations leveraging this technology with its lineup of organic teas, shots, and ready-to-drink beverages.

General and administrative expenses

	For the nine months ended			
	September 30, 2019	**September 30, 2018**	**Variance to Q3-2018 ($)**	**Variance to Q3-2018 (%)**
Personnel costs	**9,695**	4,013	5,682	142%
Professional and legal fees	**5,526**	2,768	2,758	100%
Consulting fees	**4,970**	1,963	3,007	153%
Investor relations and advocacy costs	**928**	-	928	n/a
Taxes, licenses and finance expenses	**471**	-	471	n/a
Travel and promotion expenses	**1,876**	803	1,073	134%
Computer and IT expenses	**1,394**	-	1,394	n/a
Occupancy costs	**881**	363	518	143%
Insurance expense	**833**	-	833	n/a
Recruiting fees	**838**	-	838	n/a
Office and administrative expenses	**2,951**	4,576	(1,625)	(36%)
Directors fees	**340**	-	340	n/a
	30,703	14,486	16,217	112%

General and administrative expenses of $30,703 for the nine months ended September 30, 2019 were $16,217 higher than expenses of $14,486 for the corresponding period in 2018. Year over year, the Company grew its highly experienced leadership team which account for $5,682 of the increase. In addition, with the expansion to international markets and expected rapid growth the Company incurred more professional, legal and consulting fees of $5,765 that were not incurred in the prior year. For similar reasons, computer and IT expenses and travel increased by $1,394 and $1,073, respectively. With the appropriate personnel and infrastructure in place, the Company believes it can curtail general and administrative expenses in the coming quarters significantly.

Non-cash stock-based compensation expenses

Non-cash stock-based compensation expense of $11,365 for the nine months ended September 30, 2019 were $5,126 higher than expense of $6,239 for the corresponding period in 2018 due primarily to grants to new hires and a large annual grant.

Loss from operations

Losses from operations of $50,951 for the nine months ended September 30, 2019 were $25,036 higher than losses from operations of $25,915 for the nine months ended September 30, 2018, primarily as a result of increased expenses as outlined above, related to significant changes and evolution of the business from its first days of operation to becoming a global premium organic cannabis producer.

Net loss

The Company's net loss for the nine months ended September 30, 2019 of $50,997 (nine months September 30, 2018 - $27,082) is comprised of the loss from operations discussed above primarily offset by finance income of $2,533 in comparison to $1,900 in the same period for the prior year due to earning more interest income on more capital being managed in Canadian financial institutions.

Comprehensive loss

The Company's comprehensive loss for the nine months ended September 30, 2019 is $53,984 (nine months ended September 30, 2018 - $27,082) and is comprised of the net loss discussed above and the losses incurred through other comprehensive income due to foreign exchange translation losses from foreign operations of $2,987. The Company's comprehensive loss in the prior year consistent of its net loss as no accounting treatments that would have given rise to other comprehensive losses or income existed.

SELECTED QUARTERLY TO DATE INFORMATION

The table below summarizes selected information regarding the Company's loss from operations and other financial information for the periods presented in accordance with IFRS and on a consistent basis with the interim consolidated financial statements and related notes:

	Q3-2019	Q2-2019	Q1-2019	Q4-2018	Q3-2018	Q2-2018	Q1-2018	Q4-2017
Revenue	**$ 2,612**	2,896	2,405	1,879	-	-	-	-
Loss from operations	**$ (19,810)**	(16,417)	(14,724)	(18,188)	(9,803)	(9,072)	(7,461)	(6,361)
Net loss	**$ (20,303)**	(16,603)	(14,091)	(18,120)	(11,269)	(8,548)	(7,266)	(6,282)
Comprehensive loss	**$ (21,237)**	(17,306)	(15,441)	(17,607)	(11,269)	(8,548)	(7,266)	(6,282)
Net loss per share (basic & diluted)	**$ (0.07)**	(0.06)	(0.05)	(0.07)	(0.04)	(0.04)	(0.05)	(0.05)

SUMMARY OF QUARTERLY RESULTS – Q3-2019 as compared to Q3-2018 and Q2-2019

Revenues

Revenue recognized in Q3-2019 amounted to $2,612 (Q3-2018 - $nil) with hemp derived sales by HemPoland of $2,041 and sales from cannabis products in Canada of $571. In comparison to Q2-2019 revenue of $2,896, revenue decreased by $284 or 10% quarter over quarter due to lower sales by HemPoland in the quarter offset partially offset by the launch of the pilot adult use cannabis with the OCS. HemPoland sales decreased in the current quarter due to fewer sales of lower margin bulk CBD extract products. Bulk sales accounted for 31% of the product mix in Q2-2019 where as it accounted for 17% of the product mix in Q3-2019 while its higher margin CannabiGold and private label products increased from 69% of the product mix to 83% of the product mix quarter over quarter. The Company believes that over time, the higher margin CannabiGold and private label products will yield the highest returns for the Company.

Gross profit

The Company's gross profit for the three months ended September 30, 2019 was $1,695 (three months ended September 30, 2018 - $305 due to the changes in fair value of biological assets as there were no sales in Q3-2018). In comparison to Q2-2019, gross profit decreased by $262 as a result of a decrease in HemPoland revenue and temporarily high cost of sales due to the operation of the Hamilton facility at its current scale versus the expected scale to come when the facility has been completed. The Company's HemPoland subsidiary saw its gross margin percentage increase to 80% from 69% as the Company made a conscious effort to sell more of its higher margin CannabiGold and private label products

Sales and marketing expenses

	Three months ended					Three months ended		
	September 30, 2019	**September 30, 2018**	**Variance to Q3-2018 ($)**	**Variance to Q3-2018 (%)**		**June 30, 2019**	**Variance to Q2-2019 ($)**	**Variance to Q2-2019 (%)**
Personnel costs	**781**	233	548	235%		768	13	2%
Third party marketing expenses	**1,625**	1,130	495	44%		2,305	(680)	(30%)
Travel and promotion expenses	**198**	54	144	267%		336	(138)	(41%)
Strategic partnership payments	**676**	-	676	n/a		504	172	34%
Other marketing expenses	**62**	-	62	n/a		17	45	265%
	3,342	1,417	1,925	136%		3,930	(588)	(15%)

Sales and marketing expenses of $3,342 for the three-months ended September 30, 2019 increased in comparison to expenses of $1,417 for the same period in the prior year due to the ramp-up in operations and preparation for product launches later in 2019.

In comparison to Q2-2019, sales and marketing expenses decreased in Q3-2019 by $588 primarily due to significant investments made earlier in the year for branding and media leading up to the planned launch of new TGOD products later in 2019. Management expects third party marketing costs to continue to be reduced.

Research and development expenses

	Three months ended					Three months ended		
	September 30, 2019	**September 30, 2018**	**Variance to Q3-2018 ($)**	**Variance to Q3-2018 (%)**		**June 30, 2019**	**Variance to Q2-2019 ($)**	**Variance to Q2-2019 (%)**
Personnel costs	**260**	112	148	132%		305	(45)	(15%)
Product development	**110**	109	1	1%		196	(86)	(44%)
Travel related expenses	**53**	6	47	783%		21	32	152%
Other research and development expenses	**118**	234	(116)	(50%)		64	54	84%
	541	461	80	17%		586	(45)	(8%)

Research and development expenses increased from Q3-2018 primarily due to increased personnel costs performing more work in-house versus the comparative period, partially offset by lower external costs incurred. The Company's R&D initiatives were led by Chief Science Officer Rav Kumar, Ph.D., in building out his team to explore the efficacy of organic products and new product lines such as topicals, beverages and edibles for the October 17, 2019 legalization of such products ("Cannabis 2.0"). The Company intends to commercialize organic cannabinoid dissolvables in Canada beginning in December 2019 under the TGOD-Infusers line of premium cannabis products. The Company has already developed novel fast-acting formulations leveraging this technology with its lineup of organic teas, shots, and ready-to-drink beverages. In comparison to Q2-2019, research and development expenses decreased in Q3-2019 by $45 due to external costs incurred towards commercializing the aforementioned products.

General and administrative expenses

	Three months ended					Three months ended		
	September 30, 2019	**September 30, 2018**	**Variance to Q3-2018 ($)**	**Variance to Q3-2018 (%)**		**June 30, 2019**	**Variance to Q2-2019 ($)**	**Variance to Q2-2019 (%)**
Personnel costs	**4,051**	1,387	2,664	192%		3,124	927	30%
Professional and legal fees	**1,755**	1,287	468	36%		1,662	93	6%
Consulting fees	**3,220**	236	2,984	1264%		864	2,356	273%
Investor relations and advocacy costs	**273**	-	273	n/a		216	57	26%
Taxes, licenses and finance expenses	**120**	-	120	n/a		259	(139)	(54%)
Travel and promotion expenses	**781**	491	290	59%		496	285	57%
Computer and IT expenses	**596**	-	596	n/a		383	213	56%
Occupancy costs	**506**	111	395	356%		225	281	125%
Insurance expense	**270**	-	270	n/a		211	59	28%
Recruiting fees	**219**	-	219	n/a		243	(24)	(10%)
Office and administrative expenses	**1,429**	2,172	(743)	(34%)		902	527	58%
Directors fees	**117**	-	117	n/a		102	15	15%
	13,337	5,684	7,653	135%		8,687	4,650	54%

General and administrative expenses of $13,337 for the three months ended September 30, 2019 were $7,653 higher than expenses of $5,684 for the same period in the prior year, as a result of the expansion of the business as it moves towards commercial production.

In comparison to Q2-2019, general and administrative expenses increased by $4,650 which was primarily due to higher consulting fees for the Company's information technology capabilities, higher personnel costs and office and administrative expenses. Management believes that these expenses incurred will enable the Company, as early as Q4-2019, to further streamline its general and administrative expenses because of the increased capabilities and investment in certain personnel has been made which is expected to significantly reduce the use of external parties such as consultants and enable the organization as a whole to focus on operational readiness in production, sales and Cannabis 2.0. The Company is targeting reducing general and administrative spend by $3,000 per quarter by Q1-2020.

Non-cash stock-based compensation expenses

Non-cash stock-based compensation increased by $1,198 to $3,513 for Q3-2019 from $2,315 in Q3-2018, which is a result of the Company issuing more non-cash stock-based compensation to provide equity incentives to management and employees to incentivize stakeholder returns and have an interest in the growth of the Company. In comparison to Q2-2019, share-based compensation expense decreased by $920 due to cancellations, partially offset by additional stock option grants being awarded within Q3-2019.

Loss from operations

Losses from operations of $19,810 for the three months ended September 30, 2019 were higher than losses from operations of $9,803 for the three months ended September 30, 2018, primarily as a result of increased expenses as outlined above, related to significant changes and evolution of the business from its pre-initial public offering stage to becoming a global premium organic cannabis and hemp producer.

In comparison to a loss from operations of $16,417 in Q2-2019, the Company's losses from operations were higher with the increased loss primarily due to increased general and administrative expenses and increased depreciation and amortization in Q3-2019. It is largely comprised of an increase in general and administration of $4,650, increase in depreciation and amortization of $34, however partially offset by a decrease in stock-based compensation of $920, a decrease in sales and marketing expenses of $588, and a decrease in R&D spend of $45.

Net loss

The Company's net loss for the three months ended September 30, 2019 is $20,303 (September 30, 2018 – $11,269) which is comprised of the loss from operations discussed above primarily offset by finance income of $478 in comparison to $1,133 in the same period for the prior year due to more capital being managed in top tier Canadian financial institutions in the prior year.

In comparison to Q2-2019, the Company experienced a $391 decrease in finance income due to lower amounts of interest being earning on smaller cash balances during the quarter.

Comprehensive loss

The Company's comprehensive loss for the three months ended September 30, 2019 was $21,237 (September 30, 2018 – $11,269) and was comprised of the net loss discussed above and the losses incurred through other comprehensive income due to foreign exchange translation losses from foreign operations of $934. The Company did not have other comprehensive loss or income for the same period in the prior year.

In comparison to Q2-2019, the Company's other comprehensive loss increased by $231 due to fluctuation in exchange rates where the functional currency of a foreign operation differed from that of the reporting entity, The Green Organic Dutchman Holdings Ltd.

FINANCIAL POSITION

The following is a discussion of the changes to the Company's financial position as at September 30, 2019 as compared to January 1, 2019 in accordance with IFRS and on a consistent basis with the interim consolidated financial statements and related notes:

in thousands of $CAD, except %		As at September 30, 2019		As at January 1, 2019	Change ($)	Change (%)	Comments
ASSETS							
Current assets							
Cash and cash equivalents	**$**	**22,935**	$	213,549	(190,614)	(89)	See Liquidity and Capital Resources section below.
Restricted cash		**40,173**		50,000	(9,827)	(20)	Decrease due to $13,900 applied against construction contracts related to the Quebec facility, partially offset by $4,000 additional funds transferred to restricted cash.
Refundable sales tax receivable		**11,035**		13,332	(2,297)	(17)	Input tax credits were refunded in 2019, offset by new value added taxes paid on new expenditures and not yet refunded.
Prepaid expenses and deposits		**6,937**		3,521	3,416	97	An increase in prepaid operational expenses and deposits with the ramp-up to be operationally ready for full scale production in 2019.
Trade Receivables		**3,021**		1,199	1,822	152	An increase in sales from operations in Europe and Canada, partially offset by collection of receivables outstanding as at January 1, 2019 and allowances for expected credit losses.
Inventories		**5,811**		3,925	1,886	48	An increase due to the harvesting of biological assets in Canada and new purchases of raw materials in Poland, partially offset by the sold inventory of HemPoland.
Biological assets		**724**		395	329	83	The increase in biological asset value is due to additional unharvested plants at period end. Partially offset by plants harvested and transferred to inventory during the period.
Due from related parties		**729**		800	(71)	(9)	
Other current assets		**1,029**		864	165	19	
	$	**92,394**	$	287,585	(195,191)	(68)	
Non-current assets							
Property, plant and equipment	**$**	**317,118**	$	108,808	208,310	191	An increase due to $209,861 in additions partially offset by $1,053 in depreciation, foreign exchange changes of $379 and disposals of $119.
Intangible assets		**14,543**		13,535	1,008	7	An increase mainly due to the capitalization of development costs related to the Company's implementation of a modernized enterprise resource planning system to support full scale operations.
Investments in associates		**9,355**		10,944	(1,589)	(15)	A decrease due to share of Epican comprehensive loss in 2019.
Goodwill		**10,031**		10,702	(671)	(6)	A decrease due to the foreign exchange translation of the goodwill recorded on the HemPoland transaction.
Loan receivable		**2,452**		1,001	1,451	145	An increase due to loan issued to Californulations to be used for working capital purposes.
Other assets		**10,201**		14,661	(4,460)	(30)	A decrease due primarily to construction deposits transferred fixed assets during the period. Additional deposits are expected to transfer to fixed assets as the projects progress.
Total assets	**$**	**456,094**	$	447,236	8,858	2	

in thousands $CAD, except %		As at September 30, 2019		As at January 1, 2019	Change ($)	Change (%)	Comments
LIABILITIES AND SHAREHOLDERS' EQUITY							
Current liabilities							
Accounts payable and accrued liabilities	**$**	**66,617**	$	28,258	38,359	136	An increase due to increased transactional activity mainly due to construction at both the Hamilton and Quebec sites, partially offset by payments made.
Income tax payable		**828**		781	47	6	
Short-term loans		**501**		688	(187)	(27)	
Current portion of lease liabilities		**362**		263	99	38	
	$	**68,308**	$	29,990	38,318	128	
Non-current liabilities							
Lease liabilities		**2,354**		1,468	886	60	Increased due new leases and modifications, partially offset by principal and interest payments made on lease liabilities.
Contingent consideration		**646**		688	(42)	(6)	A slight decrease due to the revaluation of contingent consideration owed resulting from HemPoland acquisition as at September 30, 2019.
Deferred tax liability		**1,065**		1,435	(370)	(26)	
Total liabilities	**$**	**72,373**	$	33,581	38,792	116	
Non-controlling interests		**(379)**		-	(379)	(100)	Portion of loss not attributable to TGOD shareholders from controlled joint-ventures in Denmark and Mexico.
Total Shareholders' Equity	**$**	**383,721**	$	413,655	(29,934)	(7)	A decrease due to a reduction in the reserve for warrants of $2,247, an increase in the accumulated deficit of $50,578, a decrease in accumulated other comprehensive income of $2,987, and a decrease in non-controlling interests of $379, partially offset by increased share capital of $14,918 from the exercise of warrants and options in the year, reserve for share-based compensation increase of $11,321, and an increase in contributed surplus of $18.
Total Liabilities and Shareholders' Equity	**$**	**456,094**	$	447,236	8,858	2	

LIQUIDITY AND CAPITAL RESOURCES

During the nine months ended September 30, 2019, the Company generated the majority of its revenue from acquired foreign operations and relied on the equity financing raise in prior years to finance its operations and meet its capital requirements. The Company's objectives when managing its liquidity and capital resources are to maintain a sufficient capital base to maintain investor and creditor confidence and to sustain the future development of the business.

Working capital as of September 30, 2019 was $24,086 (December 31, 2018 - $257,707). The total consolidated cash position was $63,108, including $40,173 of restricted cash held in escrow for construction contracts (December 31, 2018 – $263,549 of which $50,000 was restricted cash) held in escrow for construction contracts. This cash, together with additional alternative financing will be used towards the construction of facilities, to install manufacturing equipment and cover operating costs until the Company has positive operating cashflow, which is expected by the end of Q2-2020.

The Company has primarily financed its operations to date through the issuance of common shares and warrants. The Company continues to seek capital through various means including the issuance of equity and/or debt. The interim consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. There can be no assurance that additional funding will be available to the Company, or, if available, that this funding will be on acceptable terms. If adequate funds are not available, the Company may be required to delay or reduce the scope of any or all of its projects. These conditions indicate the existence of a material uncertainty that may cast doubt about the Company's ability to continue as a going concern.

	For the three months ended			**For the nine months ended**	
		September 30, 2019	**September 30, 2018**		**September 30, 2019**	**September 30, 2018**
			(Recast)			(Recast)
Net cash provided by (used in) operating activities	$	**9,518**	(13,680)	$	**(36,158)**	(33,475)
Net cash used in investing activities	$	**(56,589)**	(91,747)	$	**(167,163)**	(110,643)
Net cash provided by financing activities	$	**1,530**	50,831	$	**13,553**	287,286
Net effects of foreign exchange	$	**(239)**	397	$	**(846)**	713
(Decrease) increase in cash and cash equivalents	$	**(45,780)**	(54,199)	$	**(190,614)**	143,881

Operating Activities

For the nine months ended September 30, 2019 net cash used in operating activities was $2,683 higher than the nine months ended September 30, 2018. The increase was primarily related to an increase in operating expenditures offset by an increase in non-cash operating working capital items of $13,850.

For the three months ended September 30, 2019 net cash used in operating activities was $23,198 lower than the three months ended September 30, 2018, primarily due to increased non-cash operating working capital of $30,137 where accounts payable and accrued liabilities saw an increase primarily at the end of the quarter, partially offset by an increase in operating expenditures.

Investing Activities

For the nine months ended September 30, 2019 net cash used in investing activities was $56,520 higher than the nine months ended September 30, 2018. The increase was primarily the result of a $123,095 increase in additions to property, plant and equipment as a result of a ramp up of construction projects.

For the three months ended September 30, 2019 net cash used in investing activities was $35,158 lower than the three months ended September 30, 2018. The decrease was primarily the result of operating with extended payment terms.

Financing Activities

For the nine months ended September 30, 2019 net cash provided by financing activities was $273,733 lower than the nine months ended September 30, 2018. The decrease was primarily the result of the cash inflows from the prior year from the Company's financings which took place. Proceeds from the issuance of shares and warrants, net of share issue costs was $225,265 higher in the nine months ended September 30, 2018.

For the three months ended September 30, 2019 net cash provided by financing activities was $49,301 lower than the three months ended September 30, 2018. The decrease of $46,047 was primarily the result of a decrease in proceeds from the exercise of warrants during the period.

Construction Agreements

The Company has entered into contracts to facilitate the construction of its facilities in Hamilton, Ontario and Salaberry-de-Valleyfield, Québec with various vendors which are further described in the "New strategic plan and update on upcoming milestones" section. Pursuant to some of these agreements, as at September 30, 2019, the Company has one letter of credit in the amount of $942 which may be drawn upon in the event of material breaches of the respective agreements. This letter of credit bear conventional rates of interest partially offset by the interest earned on guaranteed investment certificates ("GIC") securing the letters as collateral. The Company has pledged a corresponding GICs as collateral, which has been recorded in other assets. As at September 30, 2019, there have been no breaches and no amounts have been drawn on the letters of credit. As at September 30, 2019, the Company has outstanding deposits on construction related activities of $3,366 (December 31, 2018 – $9,431) also included in other assets.

During the three and nine months ended September 30, 2019, the Company also entered into agreements for equipment that allowed for deferred payment terms for the remaining balance over a period of ten months totalling $15,960 (US$12.1 million). The equipment has been received and included in construction in progress and the amounts payable have been included in accounts payable and accrued liabilities. There is a lien on personal property associated with the equipment should there be any material breaches of the agreement. As at September 30, 2019, there have been no breaches of the agreement.

The Company has also entered into escrow agreements with its construction partners in Ontario and in Québec and deposited $54,000. These funds are included in restricted cash. During the three and nine months ended September 30, 2019, the Company paid $13,827 to the construction partner in Québec leaving a balance of $40,173 in restricted cash as at September 30, 2019.

New Strategic Plan and Update on Upcoming Milestones

As described in the "Recent Developments" section above, the Company will execute a revised strategic, construction and operating plan, including a series of actions to reduce the Company's financing requirements and to calibrate construction of cultivation facilities to anticipated initial demand in Canadian markets. In particular, the Company's construction of its Québec Facility will be demarcated into smaller phases, with later phases to be assessed in the light of developing market conditions. The revised milestones and costs to achieve those milestones are outlined below.

Hamilton Facility

Detail [1]	Previous Plan	Revised Plan
Project timeline and milestones	The Phase 2 indoor building had been completed and received its Health Canada licence and was to be commissioned in Q3-2019. The completion of the Greenhouse was substantially completed as expected in August 2019. The 'Support building' was expected to be completed between September 2019 and October 2019.	Greenhouse – Substantially completed in October 2019. Support Building – Expected substantial completion in November 2019. Plants are able to be processed in the other completed buildings while the support building is being completed.
Planned Annual Growing Capacity	17,500 kg	12,000 kg for 2020 on path to mature scale capacity of 17,500 kgs
[A] Latest construction budget for the structure of the facility	$37,948 (as at June 30th, 2019)	$48,723 (as at September 30th, 2019)
[B] Latest capital budget, excluding construction of the structure of the facility	$42,455 (as at June 30th, 2019)	$41,610 (as at September 30th, 2019)
[C] Life to date incurred	$56,475 (as at June 30th, 2019)	$76,967 (as at September 30th, 2019)

Expected costs to complete [A] + [B] – [C]	$23,928 (as at June 30th, 2019)	$13,366 (as at September 30th, 2019), of which $4,000 is available for use from restricted cash.

At the Hamilton Facility, several major achievements were made which include the full completion of the Phase 2 indoor building. Permanent chillers have been commissioned. The hybrid greenhouse is substantially completed. The Energy Centre is mechanically completed with remaining electrical work to be completed in November 2019. The 'Support building' construction is continuing with the last section of the cat walk recently installed. The installation of the lighting and table systems in the greenhouse have been completed during the quarter. The completion of the site infrastructure is continuing with the final connections to the sewers ongoing and final site grading scheduled to be completed in November 2019. The final grow rooms were also transferred to operations in the quarter to allow the operating team to commence the facilities ramp up plan.

(1) These statements constitute forward looking information related to possible events, conditions or financial performance based on future economic conditions and courses of action. These statements involve known and unknown risks, assumptions, uncertainties and other factors that may cause actual results or events to differ materially. The Company believes that there is a reasonable basis for the expectations reflected in the forward-looking statements, however, these expectations may not prove to be correct.

Québec Facility

Detail (1)	Previous Plan	Revised Plan
Project timeline and milestones	Combined Facilities: 1,310,000 sq. ft. capable of producing 185,000 kgs annually, in the following phases: • Phase 1a Hybrid Greenhouse (1st floor): 578,000 sq. ft. – 65,000 kg capacity – Q4 2019 • Phase 1a Central Processing Facility (1st floor): 245,310 sq. ft. – Q4 2019 • Phase 1b 2nd floor Greenhouse: 197,518 sq. ft.; 65,000 kg capacity – 2020 • Phase 2 Hybrid Greenhouse: 289,000 sq. ft.; 55,000 kg – 2021	The project has been demarcated into smaller phases. The next milestone would be to finalize six grow zones in the Québec hybrid greenhouse (Phase 1), that are currently nearing completion with majority of capital for these covered by restricted cash on hand as at September 30. This would be available for use in Q4-2019. Production from the Québec facility will be completed via processing and packaging in Hamilton, generating significant gross margin. Fully enclose the facility for protection during winter months. Should the legal market demand for cannabis accelerate and positive cash flows be achieved from the first milestone, the Company will remain agile by maintaining the optionality to expand production capabilities back to 185,000 kg of potential capacity with investment of additional capital. Further details and additional costs are discussed below.
Planned Annual Growing Capacity	185,500 kg	10,000 kg for 2020 from six grow zones. (Phase 1)
[A] Latest construction budget for the structure of the facility	$172,282 (as at June 30th, 2019)	$107,641 (as at September 30th, 2019)
	$133,133 (as at June 30th, 2019)	$130,035 (as at September 30th, 2019)

[B] Latest capital budget, excluding construction of the structure of the facility		
[C] Life to date incurred	$159,469 (as at June 30th, 2019)	$207,226 (as at September 30th, 2019), including $11,899 already incurred for Phase 1b.
Expected costs to complete [A] + [B] – [C]	$145,946 (as at June 30th, 2019), which included $19,275 of Phase 1a that was expected to be spent in 2020 and $42,106 was expected to be spent on Phase 1b in 2020 and Phase 2 in 2021.	$30,450 for Phase 1 (as at September 30th, 2019); of which $24,000 is available from restricted cash as at September 30, 2019.

At the Québec Facility, significant progress was made ahead of the announcement of the revised strategic plan. The temporary irrigation system was installed and commissioned, and the remaining greenhouse security was being installed in preparation for Health Canada submissions. Due to the new strategic plan, a preservation program was put in place for the roof top greenhouse, support and infrastructure. The rain water pond preparation had commenced, and power was available on site. Should market conditions evolve, the Company can quickly bring the eighteen additional rooms online within a three to six-month period with the estimated additional costs described further below.

The other elements of the Company's previously communicated Phase 1a, will recommence completion once market conditions justify the expansion towards the full 65,000 kg capacity from that phase should the legal market conversion significantly accelerate. The additional demarcated phases are now viewed as follows:

- Phase 2 – 18 zones for cultivation and processing centre – 55,000 kg of production.
- Phase 3 – Rooftop hybrid greenhouse – 65,000 kg of production
- Phase 4 – Third hybrid greenhouse – 55,000 kg of production

The estimated cost of recommencing this work and completing Phases 2 and 3 are estimated at approximately $60,000, expected to be funded from the Company's expected positive operating cash flows in 2020 and 2021. Phase 4 would require an additional $50,000 approximately, to be funded from operating cashflows thereafter.

(1) These statements constitute forward looking information related to possible events, conditions or financial performance based on future economic conditions and courses of action. These statements involve known and unknown risks, assumptions, uncertainties and other factors that may cause actual results or events to differ materially. The Company believes that there is a reasonable basis for the expectations reflected in the forward-looking statements, however, these expectations may not prove to be correct.

Use of Proceeds from Previous Financings

No new financings occurred during the nine months ended September 30, 2019 and the primary use of funds are as described in the above sections labelled "operating activities", "investing activities", and "financing activities". The Company used funds from financings from prior years primarily for capital for its Hamilton and Québec Facilities, other capital expenditures, licensing transactions and development of start-up projects, operational expenses, and international expansion. The spend on the Company's significant construction projects is also presented in the section entitled "New Strategic Plan and Update on Upcoming Milestones". Subject to the discussion around going concern above, sufficient funds are expected to be available to ensure that the Company can achieve its stated objectives.

Short-term Loans

On October 1, 2018, as part of the HemPoland transaction, the Company assumed HemPoland's operating line of credit of which the entire outstanding amount drawn upon of $146 (400 PLN [in thousands]) was repaid as at March 31, 2019 (December 31, 2018 - $146). Also, as part of the HemPoland transaction, the Company assumed HemPoland's short-term loan payable on certain premises in Poland, of which approximately $501 remained outstanding as at September 30, 2019 (December 31, 2018 - $542).

Other Contractual Commitments

The lease for the office space of the Company's headquarters required the issuance of a letter of credit in the amount $350, which may be drawn upon by the landlord in the event of a material breach of the agreement. As at September 30, 2019, there have been no breaches and no amounts have been drawn upon this letter of credit.

Claims and Litigation

From time to time, the Company and/or its subsidiaries may become defendants in legal actions and the Company intends to defend itself rigorously against all legal claims. The Company is subject to certain employment related claims by former employees for which provisions have been recognized only to the extent that they are likely to result in future economic outflows. The Company has also been subject to a claim by former warrant holders for approximately $1,250 and a separate claim for a customer in Europe for approximately $2,100. No provisions have been recognized as the Company's position is that these claims are meritless, and the outcome may depend on court proceedings. Other than the claims previously described, the Company is not aware of any other material or significant claims against the Company.

OFF-BALANCE SHEET ARRANGEMENTS

As at the date of this MD&A, the Company had no material off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the financial performance or financial condition of the Company.

CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS AND CHANGES IN ACCOUNTING POLICIES

[a] Accounting policies currently in effect

Except as disclosed in Note 3 to our interim consolidated financial statements, there were no significant changes in our accounting policies and critical accounting estimates for the three and nine months ended September 30, 2019. We describe our significant accounting policies and critical accounting estimates in Note 3 to the audited consolidated financial statements and MD&A for the year ended December 31, 2018.

[b] New standards, interpretations and amendments adopted by the Company

IFRS 16 – Leases ("IFRS 16")

Effective January 1, 2019, the Company adopted IFRS 16, which supersedes previous accounting standards for leases, including IAS 17, Leases ("IAS 17") and IFRIC 4, Determining whether an arrangement contains a lease ("IFRIC 4").

IFRS 16 introduced a single accounting model for lessees unless the underlying asset is of low value or less than twelve months in duration. A lessee is required to recognize, on its statements of financial position, a right-of-use asset, representing its right to use the underlying lease asset, and a lease liability, representing its obligation to make lease payments. As a result of adopting IFRS 16, the Company has recognized an increase to both assets and liabilities on the consolidated statements of financial position, as well as a decrease to general and administrative expenses (for the removal of rent expense for leases), an increase to depreciation and amortization (due to depreciation of the right-of-use assets), and an increase to finance costs (due to accretion of the lease liability). The accounting treatment for lessors remains largely the same as under IAS 17.

The Company adopted IFRS 16 with the cumulative effect of initial application recognized as an adjustment to retained earnings within shareholders' equity on January 1, 2019. The Company has not restated comparative figures for 2018. At transition, we applied the practical expedient available to us as lessee that allows us to maintain our lease assessments made under IAS 17 and IFRIC 4 for existing contracts. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed after January 1, 2019.

For leases that were classified as operating leases under IAS 17, lease liabilities at transition have been measured at the present value of remaining lease payments, discounted at the related incremental borrowing rate as at January 1, 2019, or if available, the interest rate implicit in the lease contract. Generally, right-of-use assets at transition have been measured at an amount equal to the corresponding lease liabilities, adjusted for any prepaid or accrued rent relating to that lease. For certain leases where the Company has readily available information, the Company has elected to measure the right-of-use assets at their carrying amounts as if IFRS 16 had been applied since the lease commencement date using the related incremental borrowing rate for the remaining lease period as at January 1, 2019.

On transition, the Company has elected to apply the recognition exemptions on short-term leases and low-value leases; however, the Company may choose to not elect the recognition exemptions on a class-by-class basis for new classes, and lease-by-lease basis, respectively, in the future. The Company does not currently have any contracts where it acts as the lessor.

Reconciliation of condensed consolidated statement of financial position as at January 1, 2019

Below is the effect of transition to IFRS 16 on the impacted line items of the Company's interim condensed consolidated statement of financial position as at January 1, 2019:

	Reference	As reported as at December 31, 2018	Effect of IFRS 16 transition	Subsequent to transition as at January 1, 2019
ASSETS				
Non-current assets				
Property, plant and equipment	(i)	**$ 107,529**	$ 1,279	**$ 108,808**
Total assets		**$ 445,957**	$ 1,279	**$ 447,236**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Current portion of lease liabilities	(i)	**$ 151**	$ 112	**$ 263**
Non-current liabilities				
Lease liabilities	(i)	**261**	$ 1,207	**1,468**
Total liabilities		**$ 32,262**	$ 1,319	**$ 33,581**
Shareholders' equity				
Deficit		**(58,823)**	(40)	**(58,863)**
Total Shareholders' Equity		**$ 413,695**	$ (40)	**$ 413,655**
Total Liabilities and Shareholders' Equity		**$ 445,957**	$ 1,279	**$ 447,236**

(i) Right-of-use assets and lease liabilities

The Company has recorded a right-of-use asset and a lease liability for all existing leases at the lease commencement date, which is January 1, 2019 for the purposes of adoption. The lease liability has been initially measured at the present value of lease payments that remain to be paid at the commencement date. Lease payments included in the measurement of the lease liability include:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or rate;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

After transition, the right-of-use assets will initially be measured at cost, consisting of:

- the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date; plus
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or restore the site on which it is located; less
- any lease incentives received.

The right-of-use assets will typically be depreciated on a straight-line basis over the lease term, unless the Company expects to obtain ownership of the leased asset at the end of the lease. The lease term will consist of:

- the non-cancellable period of the lease;
- periods covered by options to extend the lease, where we are reasonably certain to exercise the option; and
- periods covered by options to terminate the lease, where we are reasonably certain not to exercise the option.

The Company's weighted average borrowing rate applied to lease liabilities at January 1, 2019 is 2.99%. The difference between operating lease commitments disclosed as at December 31, 2018 under IAS 17 and discounted using the incremental borrowing rate at the date of initial application on January 1, 2019 and the lease liabilities recognized at the date of initial application is not significant.

Use of estimates and judgments

Estimates

The Company estimates the lease term by considering the facts and circumstances that can create an economic incentive to exercise an extension option, or not exercise a termination option. The Company makes certain qualitative and quantitative assumptions when deriving the value of the economic incentive.

Judgments

The Company makes judgments in determining whether a contract contains an identified asset. The identified asset should be physically distinct or represent substantially all of the capacity of the asset and should provide the Company with the right to substantially all of the economic benefits from the use of the asset.

The Company also makes judgments in determining whether or not it has the right to control the use of the identified asset. The Company has that right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decisions about how and for what purpose the asset is used are predetermined, the Company has the right to direct the use of the asset if it has the right to operate the asset or if it designed the asset in a way that predetermines how and for what purpose the asset will be used.

The Company makes judgments in determining the incremental borrowing rate used to measure its lease liability for each lease contract, including an estimate of the asset-specific security impact. The incremental borrowing rate should reflect the interest that the Company would have to pay to borrow at a similar term and with a similar security.

Certain of the Company's leases contain extension or renewal options that are exercisable only by the Company and not by the lessor. At lease commencement, the Company assesses whether it is reasonably certain to exercise any of the extension options based on the expected economic return from the lease. The Company periodically reassesses whether it is reasonably certain to exercise the options and account for any changes at the date of the reassessment.

[c] Change in functional currency of HemPoland

For the three and nine months ended September 30, 2019, the functional currency of the Company's wholly owned subsidiary, HemPoland, was determined to be the European Euro, where it was previously the Polish Zloty. The Company determined there were no material impacts to the current period or prior periods' financial statements as a result of this change.

[d] New standards, interpretations and amendments not yet adopted by the Company.

The Company has not identified any relevant material new standards, interpretations and amendments to be adopted by the Company in future periods.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

[a] Fair values

The Company's financial instruments were comprised of the following as at September 30, 2019: cash and cash equivalents; restricted cash; refundable sales tax receivable; trade receivables; due from related parties; loan receivable; accounts payable and accrued liabilities; short-term loans; contingent consideration and lease liabilities.

The fair values of the financial assets and financial liabilities are shown at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The assumption for the instruments recorded at amortized costs that the instruments fair values approximate their carrying amounts is largely due to the short-term maturities of these instruments. The fair value of the loan receivable recorded at fair value through profit and loss is Level 3 and is based on the established underlying fair values of the assets during the recent transaction involving the investment in QuébecCo, whereby it was reasonably concluded to continue to approximate the same fair value as at September 30, 2019 as compared to the initial recognition date. The fair value of the loan receivable related to Californulations recorded at fair value through profit and loss was also determined to be Level 3 and given the proximity to its initial recognition is still considered to approximate its fair value.

[b] Fair value hierarchy

Financial instruments recorded at fair value on the consolidated 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); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. During the three and nine months ended September 30, 2019, there were no transfers of amounts between levels.

[c] Management of key risks arising from financial instruments

Credit Risk

As at September 30, 2019, the Company's trade receivables are primarily concentrated in Europe with the exception of $604 in Canada. The Company had two customers whose balances comprised of 16% and 16% of total trade receivables as at September 30, 2019, respectively (December 31, 2018 – two customers at 54% and 14%, respectively). For the three months ended September 30, 2019, the Company had two customers that accounted for 20 % and 11%, respectively, of total revenue (three months ended September 30, 2018 – none). For the nine months ended September 30, 2019, the Company had no customers that accounted for greater than 10% total revenue (nine months ended September 30, 2018 – none).

RELATED PARTY TRANSACTIONS

Identification of related parties

Related parties as at September 30, 2019 have been identified as follows:

Related party	Business relationship	Measurement basis
Jeffrey Scott	Director	Exchange amount
Nicholas Kirton	Director	Exchange amount
Marc Bertrand	Director	Exchange amount
Jacques Dessureault	Director	Exchange amount
Caroline MacCallum	Director	Exchange amount
Brian Athaide	Management, Director	Exchange amount
Sean Bovingdon	Management	Exchange amount
Michael Gibbons	Management	Exchange amount
Julia Golubovskaya	Management	Exchange amount
Marie-Josee Lafrance	Management	Exchange amount
David Perron	Management	Exchange amount
Csaba Reider	Management	Exchange amount
Geoffrey Riggs	Management	Exchange amount
Matthew Schmidt	Management	Exchange amount
Anna Stewart	Management	Exchange amount
John Wren	Management	Exchange amount
Shane Dungey	Management	Exchange amount
Ravinder Kumar	Management	Exchange amount
Marc Cernovitch	Management	Exchange amount
Nadine Jean-Francois	Management	Exchange amount
Robert Gora	Management	Exchange amount
Paresh Hansji	Management	Exchange amount
Epican and Epican Canada	Non-controlled investee	Exchange amount
9371-8633 Québec Inc.	Non-controlled investee	Exchange amount

Key transactions with related parties

There have been no material transactions with related parties and no unusual transactions outside of the normal course of business. As at September 30, 2019, the Company had no receivable or payable balances with key management personnel and $117 of director fees payable.

REGULATORY LANDSCAPE

The results of operations and financial condition of the Company are subject to a number of regulations and are affected by a number of factors outside the control of management.

Canadian Regulatory Landscape

Cannabis production, distribution, sale, and use is illegal in Canada except where specifically permitted by law. Prior to October 17, 2018, the production, distribution, and possession of cannabis for medical use was legal in Canada since 2001, first under the federal *Medical Marihuana Access Regulations*, later replaced with the *Marihuana for Medical Purposes Regulation*s, and then the *Access to Cannabis for Medical Purposes Regulations* ("ACMPR"). On October 17, 2018, the federal Cannabis Act and accompanying Regulations, including the *Cannabis Regulations* ("Cannabis Regulations"), the new *Industrial Hemp Regulations* ("IHR", and together with the Cannabis Regulations, collectively, the "Regulations"), came into force, legalizing the production, distribution and sale of cannabis for adult recreational purposes, as well as incorporating the existing medical cannabis regulatory scheme under one complete framework. The Canadian federal government published regulations on June 13, 2019, that would amend the Cannabis Regulation by legalizing the sale of edible cannabis, cannabis extracts, and cannabis topicals in the Canadian market. The amendments came into force on October 17, 2019. A federally licensed entity with authorization to produce and sell edible cannabis, cannabis extracts, and cannabis topicals must provide 60-days notice to Health Canada of its intent to sell these newly legalized classes of products. It is expected that edible cannabis, cannabis extracts, and cannabis topicals will become available in authorized retail locations no earlier than mid-December 2020.

Pursuant to the federal regulatory framework in Canada, each province and territory may adopt its own laws governing the distribution, sale and consumption of cannabis and cannabis accessories within the province or territory. All Canadian provinces and territories have implemented mechanisms for the distribution and sale of cannabis for recreational purposes within those jurisdictions, and retail models vary between jurisdictions.

The Cannabis Act maintains separate access to cannabis for medical purposes, including providing that import and export licences and permits will only be issued in respect of cannabis for medical or scientific purposes or in respect of industrial hemp. Part 14 of the Cannabis Regulations sets out the regime for medical cannabis, which is substantively the same as the ACMPR with adjustments to create consistency with rules for non-medical use, improve patient access, and reduce the risk of abuse within the medical access system. Patients who have the authorization of their healthcare provider continue to have access to cannabis, either purchased directly from a federally licensed entity authorized to sell for medical purposes, or by registering to produce a limited amount of cannabis for their own medical purposes or designating someone to produce cannabis for them.

The Cannabis Act and the Cannabis Regulations provide a licensing scheme for the production, importation, exportation, testing, packaging, labelling, sending, delivery, transportation, sale, possession and disposal of cannabis for adult recreational use (i.e. non-medical use). Transitional provisions of the Cannabis Act provide that every licence issued under section 35 of the ACMPR that is in force immediately before the day on which the Cannabis Act came into force is deemed to be a licence issued under the Cannabis Act, and that such licence will continue in force until it is revoked or expires.

Below are additional highlights of the Cannabis Act:

- Places restrictions on the amounts of cannabis that individuals can possess and distribute, and on public consumption and use, and prohibits the sale of cannabis unless authorized by the Cannabis Act.
- Permits individuals who are 18 years of age or older to cultivate, propagate, and harvest up to and including four cannabis plants in their dwelling-house, propagated from a seed or plant material authorized by the Cannabis Act.
- Restricts (but does not strictly prohibit) the promotion and display of cannabis, cannabis accessories and services related to cannabinoids to consumers, including restrictions on branding and a prohibition on false or misleading promotion and on sponsorships.
- Permits the informational promotion of cannabis by entities licensed to produce, sell or distribute cannabis in specified circumstances to individuals 18 years and older.
- Introduces packaging and labelling requirements for cannabis and cannabis accessories and prohibits the sale of cannabis or cannabis accessories that could be appealing to young persons.
- Provides the designated minister with the power to recall any cannabis or class of cannabis on reasonable grounds that such a recall is necessary to protect public health or public safety.
- Establishes a national cannabis tracking system to monitor the movement of cannabis from where it is grown, to where it is processed, to where it is sold.
- Provides powers to inspectors for the purpose of administering and enforcing the Cannabis Act and a system for administrative monetary penalties.

Provincial Regulatory Framework for Recreational Cannabis

While the Cannabis Act provides for the regulation of the commercial production of cannabis and related matters by the federal government, the Cannabis Act provides the provinces and territories of Canada with authority to adopt their own laws governing the distribution, sale and consumption of cannabis and cannabis accessory products within the province or territory, permitting for example, provincial and territorial governments to set lower possession limit for individuals and higher age requirements. Currently each of the Canadian provincial and territorial jurisdictions has established a minimum age of 19 years old, except for Québec and Alberta, where the minimum age is 18.

All Canadian provinces and territories have implemented regulatory regimes for the distribution and sale of cannabis for recreational purposes within those jurisdictions. Provincial/territorial bodies act as intermediaries between entities licensed federally under the Cannabis Act and consumers, such bodies acting in some jurisdictions as exclusive cannabis wholesalers and distributors, and in some instances such bodies acting as exclusive retailers. The laws continue to evolve, and differences in provincial and territorial regulatory frameworks could result in, among other things, increased compliance costs, and increased supply costs.

Municipal and regional governments may also choose to impose additional requirements and regulations on the sale of recreational cannabis, adding further uncertainty and risk to the company's business. Municipal by-laws may restrict the number of recreational cannabis retail outlets that are permitted in a certain geographical area, or restrict the geographical locations wherein such retail outlets may be opened.

Regulatory Landscape Outside Canada

The Company only conducts business in jurisdictions outside of Canada where such operations are legally permissible in accordance with all of the laws of the foreign jurisdiction, the laws of Canada and its regulatory obligations to the TSX. The legal and regulatory requirements in the foreign countries in which the Company operates with respect to the cultivation and sale of cannabis, as well as local business culture and practices are different from those in Canada. Prior to commencing operations in a new country, in partnership with local legal counsel, consultants and partners, the Company conducts legal and commercial due diligence in order to ensure that the Company and its officers and directors gain a sufficient understanding of the legal, political and commercial framework and specific risks associated with operating in such jurisdiction. Where possible, the Company seeks to work with respected and experienced local partners who can help the Company to understand and navigate the local business and operating environment, language and cultural differences. In consultation with advisors, the Company takes steps deemed appropriate in light of the level of activity and investment it expects to have in each country to ensure the management of risks and the implementation of necessary internal controls.

Denmark

As of January 1, 2018, the Danish government initiated a trial permitting doctors to prescribe medical cannabis to a defined patient group. The trial ("pilot program") will continue for the next four years and is supported by federal funding. The Danish Medicines Agency issues licences to import "primary" (starter) cannabis products and to cultivate (as of July 1, 2018) and produce approved forms of medical cannabis for wholesale distribution within Denmark (sale at Danish pharmacies). Further to cannabis cultivation, the Danish government initiated a four-year development scheme so that the Danish Medicines Agency authorizes research and development activities in terms of cultivating and handling cannabis, which may form part of the pilot program at a later stage. All medical cannabis production facilities and products are subject to inspection by the Danish Medicines Agency. As of 1 January 2019, export of cannabis bulk and primary products is also included in the pilot program. Exporting activities relating to cannabis bulk or primary products must be in accordance with requirements laid down in the legislation, including obtaining the necessary authorization, the country receiving the cannabis bulk must allow import of cannabis for medicinal use and the company importing the cannabis bulk or primary products must have the necessary authorizations in place according to national requirements in the importing country.

Jamaica

The Cannabis Licensing Authority (the "CLA") was established in Jamaica in 2015 under the *Dangerous Drugs Amendment Act*, with powers to make and oversee the implementation of regulations for licences, permits and other authorizations for the cultivation, processing, distribution, sale and transportation of cannabis for medicinal, scientific and therapeutic purposes. Currently the regulations do not generally allow for the import or export of medical cannabis, subject to obtaining an export permit. Medical cannabis is available to patients with a prescription written by a medical practitioner registered with the Medical Council of Jamaica. Licences, permits and other authorizations are required for the cultivation, processing, distribution, sale and transportation of medical cannabis. Licence applications are subjected to a rigorous review process and licencees are subject to pre- and post-licence inspection and reporting requirements. Once an applicant completes its post production building, the CLA inspects for final and full licence approval.

Poland

In Poland, the use of hemp is generally restricted and may be accepted only if certain statutory requirements are met. Polish laws provide specific regulations, depending on the use of the hemp. Pursuant to the *Misuse of Drugs Act*, hemp may be grown solely and exclusively for the needs of the textile, chemical, pulp and paper, food, cosmetic, pharmaceutical and construction industries, as well as for seed production. Buying hemp from a farmer requires a permit from the governor of the province holding territorial jurisdiction over the plantation. Buying and reselling hemp seeds is subject to notification to the appropriate Provincial Inspector of Plant Health and Seed Inspection. Where hemp extracts are used for producing foodstuffs, the production facility must meet the sanitary requirements stipulated under the *Act on the Safety of Food and Nutrition*. The cultivation of cannabis which does not fall within the definition of hemp under the Misuse of Drugs Act, *i.e. "plant species Cannabis Sativa L., in which the total content of delta-9-tetrahydrocannabidiol and tetrahydrocannabinolic acid (delta-9-THC-2-carboxylic acid) in the floral or fructifying tops of the plants, from which resins has not been removed, does not exceed 0.20% of the dry-extract content"* is prohibited in Poland.

Mexico

On June 19, 2017, Mexico enacted certain amendments to the General Health Law of Mexico, allowing for the use of cannabis and its derivatives for medicinal purposes that can be commercialized and prescribed by any licensed physician and sold in pharmacies, as long as the products contain less than 1% THC, as well as for the sale of other products with broad industrial uses as long as a cumulative dose of 1% THC is not exceeded, subject to new provisions that would be established in the implementing regulations to be issued by the executive branch. The authority overseeing medicinal cannabis regulations in Mexico is the Mexican Ministry of Health through the Federal Commission for the Protection against Sanitary Risks (COFEPRIS). On September 20, 2018, the Federal Commissioner of the COFEPRIS announced the conclusion of the technical review process for the regulation of medicinal cannabis and the proximate presentation of the regulations to the former Mexican President for ratification. Such ratification did not occur during the previous administration. On October 30, 2018, the Guidelines on Health Control of Cannabis and its Derivatives were issued by COFEPRIS regulating medicinal cannabis and allowing the sale of food, food supplements, alcoholic and non-alcoholic beverages without a medical prescription as long as a cumulative dose of 1% THC is not exceeded. Such guidelines were later revoked on March 27, 2019. On August 14, 2019, Mexico's Supreme Court of Justice resolved an amparo trial setting forth an obligation for the Ministry of Health to regulate the medical and therapeutic use of cannabis and its derivatives, in order to guarantee the right to health. Congress is currently working on a new law which is expected to be published within the coming months (before the end of the current ordinary session of Congress on December 15, 2019). Management anticipates that a new body of statutes relating to medicinal cannabis and products containing less than 1% THC will be issued in the near future and exports to Mexico could begin sometime thereafter, subject to the definitive terms of such statutes.

United States

"Marijuana" is a Schedule I controlled substance under the United States Controlled Substances Act of 1970. On December 20, 2018, hemp (defined as cannabis with not more than 0.3% THC) was removed from Schedule 1 of the list of controlled substances under United States federal law in accordance with the United States Agriculture Improvement Act of 2018, commonly known as the "2018 Farm Bill". The 2018 Farm Bill does not affect any other cannabis product and therefore cannabis and cannabis derivatives that do not meet the definition of hemp, and activities involving them, remain illegal under United States federal law. In order to effectively implement the hemp-related provisions of the Farm Bill, the United States Department of Agriculture (the "UDSA") must develop and approve a regulatory plan for the exercise of regulatory authority over hemp production in the United States. The USDA has not to date developed or approved such a plan. The Farm Bill also authorizes individual states to regulate hemp in their jurisdiction by developing and seeking USDA approval of a regulatory plan. In the absence of such approved plans, the production of hemp remains subject to the provisions of the 2014 Farm Bill, which permits production only for research purposes pursuant to a state pilot program. In addition, notwithstanding the 2018 Farm Bill, the United States Food and Drug Administration (the "FDA") prohibits cannabis (including hemp) and its derivatives, including cannabidiol (CBD), for use as an ingredient in food and drink. The FDA held a public hearing on May 31, 2019, to obtain input from stakeholders regarding the regulation of products containing cannabis and cannabis derivatives. The FDA has not yet indicated whether its approach to the regulation of such products will change in light of the descheduling of hemp or other developments. In addition, any ingredient derived from hemp in food is subject to the premarket approval requirements applicable to food additives, unless that use is generally recognized as safe ("GRAS"). The FDA recently announced the issuance of letters of no objection to three GRAS notices for ingredients derived from hemp seed that contain trace amounts of THC and CBD but has not to date addressed whether hemp-derived THC, CBD or other cannabinoids in non-trace levels are GRAS.

RISK FACTORS AND UNCERTAINTIES

In addition to the going concern considerations included in the "Liquidity and Capital Resources" section above, many factors could cause the Company's results of operations, performance and financial condition to differ materially from those expressed or implied by the forward-looking statements and forward-looking information contained in this management's analysis and discussion, including the following factors, which are discussed in greater detail under the heading "Risk Factors" in the Company's Annual Information Form March 19, 2019 filed with securities regulators and available on www.sedar.com, which risk factors are incorporated by reference into this document and should be reviewed in detail by all readers:

- the Company has a limited operating history;
- the Company may be unable to sustain its revenue growth and development;
- there are factors which may prevent the Company from the realization of growth targets;
- the Company's actual financial position and results of operations may differ materially from the expectations of the Company's management;
- the Company expects to incur significant ongoing costs and obligations related to its investment in infrastructure, growth, research and development, regulatory compliance and operations;
- there is no assurance that the Company will turn a profit or generate immediate revenues;
- the adult-use cannabis market in Canada is a relatively new industry;
- the adult-use cannabis market in Canada may experience supply and demand fluctuations that could result in revenue and price decreases;
- the cannabis market in Canada may be significantly reduced over time due to personal cultivation;
- the size of the Company's target market is difficult to quantify, and investors will be reliant on their own estimates on the accuracy of market data;
- the Company is subject to changes in laws, regulations and guidelines which could adversely affect the Company's future business, financial condition and results of operations;
- the Company is reliant on regulatory approvals and cultivation Licenses for its ability to grow, process, package, store and sell cannabis and other products derived therefrom, and these regulatory approvals are subject to ongoing compliance requirements, reporting obligations and fixed terms requiring renewal;
- any failure on the Company's part to comply with applicable regulations could prevent it from being able to carry on its business and there may be additional costs associated with any such failure;
- under Canadian regulations, a Licensed Producer of cannabis is restricted regarding the type and form of marketing it can undertake which could materially impact sales performance;
- the Company intends to target a premium segment of the adult-use cannabis market, which may not materialize, or in which it may not be able to develop or maintain a brand that attracts or retains customers;
- the Company's industry is experiencing rapid growth and consolidation that may cause the Company to lose key relationships and intensify competition;
- the Company may be unsuccessful in competing in the overall legal adult-use cannabis market in Canada and any other countries it intends to operate in;
- the Company, or the cannabis industry more generally, may receive unfavorable publicity or become subject to negative consumer or investor perception;
- the Hamilton Facility and the Québec Facility are under construction and any delay in construction may have an adverse impact on the Company;
- the Hamilton Facility and the Québec Facility are expected to become integral to the Company's business and operations;
- there can be no assurance that the Company will receive the required approvals with respect to the Québec Facility;
- the Company may not be able to develop its products, which could prevent it from ever becoming profitable;
- if the Company is unable to develop and market new products, such as beverages, it may not be able to keep pace with market developments;
- there has been limited study on the health effects of cannabis products, including CBD, and future clinical research studies may lead to conclusions that dispute or conflict with the Company's understanding and belief regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of such products;
- trade of cannabis for non medical purposes within Canada may be restricted by the Canadian Free Trade Agreement;
- the Company is exposed to risks relating to the laws of various countries as a result of its planned international operations;
- the Company's business is subject to a variety of foreign laws, many of which are unsettled and still developing, and which could subject it to claims or otherwise harm its business;
- the Company must rely on international advisors and consultants in the foreign countries in which it intends to operate;
- the Company is required to comply concurrently with federal, state or provincial, and local laws in each jurisdiction where it operates or to which it exports its products;
- the hemp and CBD industries and markets are new and heavily regulated with rules subject to rapidly changing laws and uncertainty, compliance with which may come with significant cost;
- the hemp and CBD products industries and markets in Canada, the EU, Jamaica and Mexico are also subject to many of the same risks as the adult-use cannabis industry and market;

- if the Company is unable to attract and retain key personnel, it may not be able to compete effectively in the cannabis market;
- the Company has entered into and in the future may seek to enter into strategic alliances including contractual relationships, joint ventures, selective acquisitions, licensing arrangements or other relationships, or expand the scope of currently existing relationships, with third parties that the Company believes will have a beneficial impact, and there are risks that such strategic alliances or expansions of the Company's currently existing relationships may not enhance its business in the desired manner;
- the Company may not be able to successfully identify and execute future acquisitions or dispositions or successfully manage the impacts of such transactions on its operations;
- the cultivation of cannabis includes risks inherent in an agricultural business including the risk of crop loss, sudden changes in environmental conditions, equipment failure, product recalls and others;
- the Company is reliant on key inputs, such as water and utilities, and any interruption of these services could have a material adverse effect on the Company's finances and operation results. The Company is also dependent on access to skilled labour, equipment and parts;
- the Company is vulnerable to rising energy costs;
- the Company's products may not have, or may not be perceived to have, the effects intended by the end user;
- the Company's quality control systems may not operate effectively;
- the Company's cannabis products may be subject to recalls for a variety of reasons, which could require it to expend significant management and capital resources;
- the Company faces an inherent risk of exposure to product liability;
- the Company may be subject to liability claims as a result of positive testing for THC or banned substances;
- consumer preferences may change, and the Company may be unsuccessful in retaining customers;
- the Company's operations are subject to safety, health and environmental laws and regulations applicable to its operations and industry in the various jurisdictions in which it operates, and it may be held liable for any breaches of those laws and regulations;
- the Company could be liable for fraudulent or illegal activity by its employees, contractors and consultants resulting in significant financial losses or claims against the Company;
- the Company may become subject to litigation in the ordinary course of business;
- the Company will be reliant on information technology systems and may be subject to damaging cyber-attacks;
- the Company may be exposed to liability or the threat of liability in relation to the use of customer information and other personal and confidential information;
- the Company may be subject to risks related to the protection and enforcement of its intellectual property rights, or intellectual property it licenses from others, and may become subject to allegations that it or its licensors are in violation of intellectual property rights of third parties;
- the Company may be subject to breaches of security at its facilities;
- the Company may incur additional indebtedness;
- the Company may not be able to secure adequate or reliable sources of funding required to operate its business or increase its production to meet consumer demand for its products;
- management may not be able to successfully implement adequate internal controls over financial reporting;
- the Company has negative operating cash flow;
- the Company may be subject to credit risk;
- the Company's loans may contain covenants that limit its ability to seek additional financing or perform desired business operations;
- tax and accounting requirements may change in ways that are unforeseen to the Company and it may face difficulty or be unable to implement or comply with any such changes;
- fluctuations in foreign currency exchange rates could harm the Company's results of operations;
- if the Company has a material weakness in its internal controls over financial reporting, investors could lose confidence in the reliability of the Company's financial statements, which could result in a decrease in the value of its securities;
- it is anticipated that no cash dividends will be paid to holders of Common Shares for the foreseeable future;
- the Company continues to sell shares for cash to fund operations, expansion, and mergers and acquisitions that will dilute the current shareholders;
- the Company's officers and directors control a large percentage of the Company's issued and outstanding Common Shares and such officers and directors may have the ability to control matters affecting the Company and its business;
- the price of the Common Shares in public markets may experience significant fluctuations;
- if securities or industry analysts do not continue to publish research, or publish inaccurate or unfavourable research, about the Company's business, the Common Share price and trading volume could decline; and
- U.S. border officials could deny entry into the U.S. to employees of or investors with cannabis operations in the United States and Canada.

DISCLOSURE CONTROLS AND PROCEDURES

Management is responsible for establishing and maintaining a system of disclosure controls and procedures ("DC&P") under National Instrument 52-109 to provide reasonable assurance that all material information relating to the Company and its subsidiaries is gathered and reported to senior management on a timely basis so that appropriate decisions can be made regarding public disclosure.

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have designed such disclosure controls and procedures, or caused them to be designed under their supervision, to provide reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, is made known to them by others within those entities, particularly during the period in which the disclosures are being prepared to provide reasonable assurance that information required to be disclosed under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is also responsible for establishing and maintaining adequate internal control over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial reports for external purposes in accordance with IFRS.

The CEO and CFO have designed internal control over financial reporting, or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with IFRS as at September 30, 2019.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There have been no material changes in the Company's internal control over financial reporting that occurred during the three and nine months ended September 30, 2019, which have materially affected, or are reasonably likely to affect, the Company's internal controls over financial reporting.

LIMITATIONS ON SCOPE AND DESIGN

In accordance with National Instrument 52-109 subsection (3), the CEO and CFO may limit the certification to exclude a business that the issuer acquired not more than 365 days before the end of the financial period in question. Therefore, the CEO and CFO have limited the scope of the design of the Company's DC&P and ICFR to exclude HemPoland and its subsidiaries, acquired on October 1, 2018, for the three and nine months ended September 30, 2019 and comparative period ending on December 31, 2018. HemPoland's total assets accounted for approximately 7% of the Company's total assets and HemPoland's total liabilities accounted for approximately 7% of the Company's total liabilities. Approximately 93% of the Company's revenues were derived from HemPoland and less than 1% of the Company's net loss was attributable to HemPoland.

OUTSTANDING SHARE DATA

As of the date of this MD&A, the Company had the following securities issued and outstanding:

Shares	275,933,244
Warrants	63,869,980
Compensation options	377,648
Escrowed share units arising from the HemPoland transaction	1,968,323
Contingent share units arising from the HemPoland transaction	3,047,723
Restricted share units issued to employees	54,348
Convertible share units	74,074
Stock options	17,624,466

See the Company's consolidated financial statements for a detailed description of these securities.