The Green Organic Dutchman Holdings Limited

Management's Discussion and Analysis

For the years ended December 31, 2019 and December 31, 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 years ended December 31, 2019 and 2018. The MD&A should be read in conjunction with the Company's consolidated financial statements for the years ended December 31, 2019 and December 31, 2018 (the "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) the availability of financing at all or on reasonable terms;
(ii) the Company's ability to continue as a going concern and successfully execute its plans and intentions, including with respect to the construction and operation of the Company's cultivation facilities;
(iii) completion of the construction of the Company's facility in Québec;
(iv) obtaining necessary regulatory approvals;
(v) general business and economic conditions, particularly in the Canadian medicinal and adult-use cannabis markets;
(vi) regulation of the markets in which the Company operates;
(vii) the Company's ability to attract and retain skilled staff;
(viii) market competition, including the products and technology offered by the Company's competitors; and
(ix) maintenance of our current good relationships with our suppliers, service providers and other third parties.

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 March 10, 2020, 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 200, Mississauga, Ontario L4V 1E3. The Company completed its initial public offering ("IPO") on May 2, 2018. The Company's Common Shares and certain warrants 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. ("TGOD") is a licensed producer under the Cannabis Act (Canada) (a "Licensed Producer") and holds a licence to produce at its property near Hamilton, Ontario ("Hamilton Facility") dried and fresh cannabis, cannabis plants and seeds, and to sell such cannabis products within Canada to provincially authorized retailers or distributors and federal licensed entities. The Company's wholly owned subsidiary Medican Organic Inc. ("Medican") is constructing a second facility located in Valleyfield, Québec ("Québec Facility") and has a licence to produce dried and fresh cannabis, cannabis plants and seeds, cannabis oils, cannabis topicals, cannabis extracts and edible cannabis.

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. It has also established a company in Germany for the distribution of medical cannabis.

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 and debt 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 generate positive operating cash flows which is currently expected later in 2020.

RECENT DEVELOPMENTS

Updated Strategic Plan

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 construction of its Québec Facility has been demarcated into smaller phases, while providing the Company with optionality to recommence later phases based on its assessment of developing market conditions.

Further details are available in the "Liquidity and Capital Resource" sections below.

Proposed Financings

On November 14, 2019, the Company announced three proposed transactions to raise up to $103 million of capital, including a sale and lease back of the energy centre at its Hamilton Facility, a senior secured mortgage loan, and a convertible debenture. The Company instead pursued a bought deal financing and a senior secured credit facility on different terms as described below.

Expanded Canadian Distribution

On November 19, 2019, the Company announced that it had received orders from the provincial cannabis boards of Alberta, Manitoba and Nova Scotia which significantly expands its Canadian distribution footprint. The Company also launched two new strains of cannabis in Ontario.

Expanded Distribution in British Columbia; Receipt of Health Canada Licence Amendment

On November 25, 2019, the Company announced that it had received a purchase order from the BC Liquor Distribution Branch. In addition, the Company announced receipt of a licence amendment from Health Canada, allowing the Company to launch cultivation operations at its Québec Facility in two zones measuring a total of 46,500 square feet.

Bought Deal Financing

On November 26, 2019, the Company announced that it had entered into a bid letter with an underwriter in respect of an offering ("2019 Offering") and that it was no longer pursuing the previously announced convertible debenture. The Company paid a break fee of US$400,000 to the proposed purchaser of the convertible debenture. On December 2, 2019, the Company announced that it had amended its bid letter with the Underwriter to upsize the Offering. On December 19, 2019, the Company completed the bought deal financing of 36,800,000 units and 20,608,000 warrants at a price per unit of $0.75 for aggregate gross proceeds of $27,600. Each unit is comprised of one common share and one-half of one common share purchase warrant of the Company. Each full warrant entitles the holder to purchase one common share at an exercise price of $1.00 for a period of 36 months from the date they were received.

Senior Secured Credit Facility

On December 24, 2019, the Company closed a senior secured first lien credit facility (the "Loan") with a commercial lender with the first tranche of the credit facility providing gross proceeds of $27,700 committed by the lender upon the Company meeting certain closing conditions with draws permitted in minimum increments of $500 at a thirteen percent (13%) rate of interest with no principal repayments required for the first twelve months, after which the Company will make monthly principal repayments of $148 plus interest per the terms of the agreement. The second tranche of the credit facility of up to an additional $15,000 may be advanced upon the achievement of certain operational milestones and approval of the lender's credit committee. The Loan matures on June 21, 2021. The Loan contains customary financial and restrictive covenants and permits repayment at any time with a 2% penalty. The Loan possesses several covenants which the Company has met as at December 31, 2019. In connection with the loan the Company issued the lender 7,000,000 common share purchase warrants exercisable for a period of 36 months following the date of issuance at a price per share of $1.00. 9371-8366 Quebec Inc. ("QuébecCo") was also a party to the agreement with its assets included as part of the first lien described above.

Impairment Charges

During Q4-2019, the Company recognized a non-cash impairment charge of $123,432 related to certain cash generating assets being built or used in Canada ("Canadian CGU") primarily due to market conditions which have caused management to revise its near-term and long-term growth forecasts in the reduced operating facility footprint. Management believes that the non-cash impairment charge was required to accurately reflect the expected recoverable amount of its Canadian assets as at December 31, 2019, given current market estimates. Based on recently available analyst reports, management believes that the Canadian retail market for cannabis products can reach between nine and ten billion dollars by 2024. While this impairment charge was taken with respect to the Company's Canadian CGU due to these factors, management continues to note the value of its assets far exceeds liabilities, which supports the Company's operating plan. The non-cash impairment calculation involved a discounted cash flow analysis ("DCF") that was performed in compliance with IFRS and included the use of a discount rate of 16.5% which reflected the Company's latest capital structure given the equity and debt financings which were completed in December 2019, described above. These financings were critical to ensure the uninterrupted and timely completion of the Hamilton facility and provided the Company with the ability to complete its first harvest from the hybrid greenhouse further proving its concept that high quality, premium organic product can be grown at scale. Management estimates that after achieving three months of positive operating cash flow and holding a fully completed and licenced processing building at the Hamilton location, the Company would be in a position to refinance its debt at more favourable rates. These changes would have positive impacts on the Company's projected discounted cash flows and assumptions including but not limited to, the discount rate used in the calculation. Accordingly, if and when the market conditions improve, such that the Company commences bringing additional rooms online and the expected recoverable amount of future cashflows increase, then the non-cash impairment charge may be reversed in accordance with and permitted under the IFRS accounting framework.

In addition, the Company recognized an impairment of $4,296 related to the Company's investment in Epican Medicinals Limited ("Epican"). This impairment reflects market conditions in Jamaica and the strategic decision to forgo expansion of proposed cultivating activities for export to focus on its Canadian cannabis cultivation operations.

Executive Leadership Consolidation

On January 9, 2020, the Company announced changes to streamline its leadership structure. The Company's President, Mr. Csaba Reider and the Company's Vice-President of Sales, Mr. Mike Gibbons departed the organization. Mr. Reider's responsibilities were assumed by the Company's CEO, Mr. Brian Athaide and Mr. Gibbons' responsibilities were assumed by the Company's Vice-President of Medical Sales, Mr. Robert Gora.

Research Licence

On February 20, 2020, the Company announced that it had secured a research licence from Health Canada. Valid for five years, this licence allows the Company to reduce the cost and accelerate the pace at which it develops new products by eliminating reliance on third parties.

Receipt of COTA Organic Farming Award

On February 20, 2020, the Company announced that it had received the prestigious *Leadership in Organic Farming Award* from the Canada Organic Trade Association. Organic Leadership Awards are given to industry leaders who have displayed exceptional leadership through their involvement in advancing Canada's organic sector.

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 submitted a purchase order for an additional three REV™ processing lines for its drying capacity of premium, certified organic cannabis in Canada. In Q4-2019, the Company entered into an amendment agreement with EnWave to only purchase one of the three processing lines for its Québec Facility.

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. Mr. Wilms subsequently left the Company on August 9th, 2019.

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 JV 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 the Company 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 the Company 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 licence 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 SpinCo 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 the Company'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 them.

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

On March 5, 2019, the Company announced that it had 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 had 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 the Company's cannabis and hemp biomass under conditions specified by the Company as demanded by final product manufacturing and formulation requirements. The Company 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. The Company 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 April 30, 2019, Valens, obtained its organic certification from Pro-Cert.

On March 28, 2019, the Company announced that Hamilton City Council had voted to approve the Company's settlement offer, to resolve certain zoning issues relating to the Company's ability 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 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 being used for cannabis cultivation. On October 21, 2019, the Company's subsidiary, TGOD, 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". 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.

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 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 occurred alongside Symrise AG, 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 to be the exclusive distributor of CannabiGold, its premium hemp CBD brand, for the German pharmacy market.

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.

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.

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.

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 TGOD and a subsidiary of Aurora dated January 12, 2018 and the Investor Rights Agreement between the Company and Aurora each automatically terminated.

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 absorption 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. The Company has already developed novel fast-acting formulations leveraging this technology with its lineup of organic teas, shots, and ready-to-drink beverages.

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 Consolidated Financial Statements and related notes:

		As at December 31, 2019		As at January 1, 2019*		As at December 31, 2017
Total assets	$	**342,181**	$	447,236	$	96,977
Total non-current financial liabilities	$	**21,354**	$	3,591	$	-
Total shareholders' equity	$	**267,600**	$	413,655	$	77,248

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

	For the year ended					
		December 31, 2019		December 31, 2018		December 31, 2017
Revenue	$	**11,163**	$	1,879	$	-
Loss from operations	$	**(68,693)**	$	(44,524)	$	(15,098)
Net loss (1)	$	**(195,750)**	$	(45,203)	$	(13,459)
Comprehensive loss (1)	$	**(198,504)**	$	(44,690)	$	(13,459)
Net loss per share (basic & diluted) (1)	$	**(0.71)**	$	(0.21)	$	(0.12)

(1) During Q4-2019, the Company recorded a non-cash impairment charge of $123,432 related to its Canadian CGU and $4,296 impairment charge related to its investment in Epican. Excluding these non-cash charges, the Company's net loss and comprehensive loss for the year ended December 31, 2019 was $68,022 and $70,776, respectively, implying a net loss per share (basic & diluted) was $0.25 for the year ended December 31, 2019.

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

Revenues

Revenue recognized for the year ended December 31, 2019 amounted to $11,163 as compared to $1,879 for the year ended December 31, 2018. The current year's revenues were comprised of sales of hemp-based products through the Company's wholly owned subsidiary HemPoland of $9,886 in addition to $1,277 of cannabis sales in Canada. The Company purchased HemPoland on October 1, 2018 and thus prior year revenue was representative of one quarter of sales. In Canada, no revenues were recognized in the prior year as sales commenced in Q1-2019. The Canadian revenues were primarily driven by the Company's sales of three strains in the adult-use market to the provincial cannabis boards.

Given the Company's larger facilities were still under construction and awaiting further certification for most of the year, the Company decided to enter the medical and recreational markets with pilot programs to introduce one strain, Unite Organic, to patients and consumers, with product from the smaller certified buildings at the Hamilton Facility. In Q4-2019, the Company introduced its Discover Organic and Tranquility Organic strains and began growing all three strains in the hybrid greenhouse at the Hamilton Facility in November 2019. Having three core flower cannabis 3.5-gram SKUs on the market from limited production and capacity allowed the Company to provide products to the largest provinces and provided operating insight to successfully launch the rest of the core cannabis SKUs that are planned in addition to the Company's Cannabis 2.0 products of vapes, infusers and teas.

The first harvest from the hybrid greenhouse at the Hamilton Facility began on December 24th, 2019 and was completed through January 2020 with estimated average yields of 70 to 75 grams per plant and THC levels greater than 19% which is what the Company believes will be a critical success factor for market demand from recreational consumers.

Gross profit

The Company's gross profit for the year ended December 31, 2019 was $9,544 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 $2,505. The Company did not realize a gross profit from sales for the year ended December 31, 2018 other than the recognition of $212 through changes in the fair value of the Company's biological assets. The Company expects the cost of sales due to growing cannabis on a per gram basis 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 ("S&M") expenses

	For the year ended			
	December 31, 2019	**December 31, 2018**	**Variance to FY-2018 ($)**	**Variance to FY-2018 (%)**
Personnel costs	**2,907**	859	2,048	238%
Third party marketing expenses	**6,542**	4,458	2,084	47%
Travel and promotion expenses	**880**	477	403	84%
Strategic partnership payments	**2,831**	302	2,529	837%
Other marketing expenses	**121**	-	121	n/a
	13,281	6,096	7,185	118%

Sales and marketing expenses of $13,281 for the year ended December 31, 2019 were $7,185 higher than expenses of $6,096 for the year ended December 31, 2018, reflecting the increased efforts across Canada and the initiation of product sales. With the assistance of its strategic partner, Velvet Management Inc., the Company has successfully signed some of the largest cannabis boards across Canada to supply agreements.

Research and development ("R&D") expenses

	For the year ended			
	December 31, 2019	**December 31, 2018**	**Variance to FY-2018 ($)**	**Variance to FY-2018 (%)**
Personnel costs	**1,313**	1,239	74	6%
Product development	**602**	839	(237)	(28%)
Travel related expenses	**102**	261	(159)	(61%)
Other research and development expenses	**254**	476	(222)	(47%)
	2,271	2,815	(544)	(19%)

Research and development expenses of $2,271 for the year ended December 31, 2019 were $544 lower than expenses of $2,815 for the corresponding period in 2018. R&D expenses decreased year over year as a result of the earlier research at the original 7,000 sq. ft. facility in Hamilton to ensure operational readiness. Significant efforts we made in 2019 to explore the efficacy of organic products and new product lines such as vapes, infusers and teas for Cannabis 2.0 which although legalized in Q4-2019 did not have infrastructure in place in each province, including Ontario until 2020. The Company successfully developed organic cannabinoid dissolvables in Canada to be launched under the *TGOD-Infusers* line of premium cannabis products and is expected to begin selling these in Q1 2020. The Company has also already developed novel fast-acting formulations leveraging this technology with its lineup of organic teas, shots, and ready-to-drink beverages.

General and administrative ("G&A") expenses

	For the year ended			
	December 31, 2019	**December 31, 2018**	**Variance to FY-2018 ($)**	**Variance to FY-2018 (%)**
Personnel costs	**14,528**	6,727	7,801	116%
Professional and legal fees	**6,186**	6,108	78	1%
Consulting fees	**5,731**	3,788	1,943	51%
Investor relations and advocacy costs	**1,057**	2,366	(1,309)	(55%)
Taxes, licenses and finance expenses	**578**	1,434	(856)	(60%)
Travel and promotion expenses	**2,185**	1,222	963	79%
Computer and IT expenses	**1,981**	1,168	813	70%
Occupancy costs	**1,064**	689	375	54%
Insurance expense	**1,641**	580	1,061	183%
Recruiting fees	**884**	508	376	74%
Office and administrative expenses	**7,089**	824	6,265	760%
Directors fees	**470**	197	273	139%
Allowance for expected credit losses	**766**	-	766	n/a
	44,160	25,611	18,549	72%

General and administrative expenses of $44,160 for the year ended December 31, 2019 were $18,549 higher than expenses of $25,611 for the corresponding period in 2018. The year over year increase was largely related to an increase in personnel costs of $7,801 which included the growth of its highly experienced leadership team as well as headcount as the Company commenced production and sales in Canada and focused on operational readiness. In addition, with the expansion to international markets and expected rapid growth the Company incurred more professional, legal and consulting fees of $2,021 that were not incurred in the prior year. For similar reasons, computer and IT expenses and travel increased by $813 and $963, respectively. With the appropriate personnel and infrastructure now in place, and in conjunction with the rightsizing of its construction plans announced in October 2019, the Company commenced a review of its general and administrative expenses in Q4 2019. The Company initiated reduction plans and believes it can curtail general and administrative expenses in 2020 where the normalized annual G&A spend is expected to be approximately $32,000.

Non-cash stock-based compensation expenses

Non-cash stock-based compensation expense of $14,288 for the year ended December 31, 2019 was $5,134 higher than expense of $9,154 for the corresponding period in 2018 due primarily to additional option grants in 2019 to new employees.

Loss from operations

Losses from operations of $68,693 for the year ended December 31, 2019 were $24,169 higher than losses from operations of $44,524 for the year ended December 31, 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.

Impairment charges

A non-cash impairment charge of $123,432 for the year ended December 31, 2019 was realized on the Canadian CGU. The non-cash impairment charges recognized during the period were primarily attributable to the changes in the timing of accessing market demand and the resulting slower revenue ramp and growth than originally forecasted by management. Management has taken steps to realign the strategic plan to account for the changing market conditions. In addition, the Company realized an impairment loss on its investment in Epican of $4,296 (year ended December 31, 2018 – $Nil) due to changing market conditions in Jamaica and the strategic decision to forgo expansion of proposed cultivating activities in Jamaica for export at this time.

Net loss and comprehensive loss

The Company's net loss for the year ended December 31, 2019 of $195,750 (year ended December 31, 2018 - $45,203) is comprised of the loss from operations discussed above primarily increased by the non-cash impairment charge recognized on the Company's Canadian CGU assets and an impairment charge on its investment in Epican.

The Company's comprehensive loss for the year ended December 31, 2019 is $198,504 (year ended December 31, 2018 - $44,690) and is comprised of the net loss, including impairment charges discussed above, and the losses incurred through other comprehensive income due to foreign exchange translation losses from foreign operations of $2,754 in comparison to a prior year exchange translation gains from foreign operations of $513.

SELECTED QUARTERLY 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 Consolidated Financial Statements and related notes:

		Q4-2019	Q3-2019	Q2-2019	Q1-2019	Q4-2018	Q3-2018	Q2-2018	Q1-2018
Revenue	$	**3,250**	2,612	2,896	2,405	1,879	-	-	-
Loss from operations	$	**(17,742)**	(19,810)	(16,417)	(14,724)	(18,188)	(9,803)	(9,072)	(7,461)
Net loss [(1)]	$	**(144,753)**	(20,303)	(16,603)	(14,091)	(18,120)	(11,269)	(8,548)	(7,266)
Comprehensive loss [(1)]	$	**(144,520)**	(21,237)	(17,306)	(15,441)	(17,607)	(11,269)	(8,548)	(7,266)
Net loss per share (basic & diluted) [(1)]	$	**(0.52)**	(0.07)	(0.06)	(0.05)	(0.07)	(0.04)	(0.04)	(0.05)

[(1)] During Q4-2019, the Company recorded a non-cash impairment charge of $123,432 related to its Canadian CGU and $4,296 impairment charge related to its investment in Epican. Excluding these non-cash charges, the Company's net loss and comprehensive loss for Q4-2019 was $17,025 and $16,792, respectively, implying a net loss per share (basic & diluted) was $0.06 for Q4-2019.

SUMMARY OF QUARTERLY RESULTS – Q4-2019 as compared to Q4-2018 and Q3-2019

Revenues

Revenue recognized in Q4-2019 amounted to $3,250 (Q4-2018 - $1,879) with hemp derived sales by HemPoland of $2,564 and sales from cannabis products in Canada of $686. In comparison to Q3-2019 revenue of $2,612 increased by $638 quarter over quarter primarily due to increased sales by HemPoland in the quarter. HemPoland sales increased in the current quarter due to increased sales across all product lines and the launch of a CBD topicals line. The Company expects that over time, the higher margin CannabiGold and private label products will yield the highest returns for the European business. In Canada, sales were only slightly higher given limited production from the Hamilton Facility while waiting for harvest and finished goods conversion from the hybrid greenhouse which commenced in November 2019, with an eight-week flowering growing cycle which pushed previously expected revenues from 2019 into 2020. The Company notes that given the plants started in the Phase 2 indoor building and completed a full eight week cycle in the hybrid greenhouse, higher than expected average yields per plant were achieved in January 2020, between 70 to 75 grams per plant allowing for more revenue earning potential in 2020.

Gross profit

The Company's gross profit for the three months ended December 31, 2019 was $4,525 (three months ended December 31, 2018 - $92). In comparison to Q3-2019, gross profit increased by $2,830 primarily as a result of an increase in HemPoland revenue as well as a non-cash unrealized gain on changes in fair value of biological assets in Q4-2019 of $1,626 due to the ramp up of operations at the Hamilton Facility. In Canada, margins are expected to improve as the full production capabilities in Hamilton and Valleyfield become operational.

Sales and marketing expenses

	Three months ended				Three months ended		
	December 31, 2019	December 31, 2018	Variance to Q4-2018 ($)	Variance to Q4-2018 (%)	September 30, 2019	Variance to Q3-2019 ($)	Variance to Q3-2019 (%)
Personnel costs	**939**	414	525	127%	781	158	20%
Third party marketing expenses	**1,069**	2,298	(1,229)	(53%)	1,625	(556)	(34%)
Travel and promotion expenses	**229**	175	54	31%	198	31	16%
Strategic partnership payments	**746**	302	444	147%	676	70	10%
Other marketing expenses	**30**	-	30	n/a	62	(32)	(52%)
	3,013	3,189	(176)	(6%)	3,342	(329)	(10%)

Sales and marketing expenses of $3,013 for the three-months ended December 31, 2019 decreased in comparison to expenses of $3,189 for the same period in the prior year, and $3,342 for Q3-2019, due to the Company bringing more marketing work in-house versus being performed by third party vendors partially offset by higher costs for strategic expenses with Velvet and travel expenses as sales distribution efforts expanded across Canada.

Research and development expenses

	Three months ended				Three months ended		
	December 31, 2019	December 31, 2018	Variance to Q4-2018 ($)	Variance to Q4-2018 (%)	September 30, 2019	Variance to Q3-2019 ($)	Variance to Q3-2019 (%)
Personnel costs	**613**	178	435	244%	260	353	136%
Product development	**80**	404	(324)	(80%)	110	(30)	(27%)
Travel related expenses	**5**	83	(78)	(94%)	53	(48)	(91%)
Other research and development expenses	**10**	113	(103)	(91%)	118	(108)	(92%)
	708	778	(70)	(9%)	541	167	31%

Research and development expenses decreased from Q4-2018 primarily due to decreased third party costs as the Company performed more work in-house versus the comparative period, partially offset by increased personnel costs incurred.

In comparison to Q3-2019, research and development expenses increased in Q4-2019 by $167 due to external development costs incurred towards commercializing the Company's new product lines such as vapes, infusers and teas for Cannabis 2.0.

General and administrative expenses

	Three months ended				Three months ended		
	December 31, 2019	December 31, 2018	Variance to Q4-2018 ($)	Variance to Q4-2018 (%)	September 30, 2019	Variance to Q3-2019 ($)	Variance to Q3-2019 (%)
Personnel costs	**4,833**	2,714	2,119	78%	4,051	782	19%
Professional and legal fees	**660**	3,340	(2,680)	(80%)	1,755	(1,095)	(62%)
Consulting fees	**761**	1,825	(1,064)	(58%)	3,220	(2,459)	(76%)
Investor relations and advocacy costs	**129**	552	(423)	(77%)	273	(144)	(53%)
Taxes, licenses and finance expenses	**107**	626	(519)	(83%)	120	(13)	(11%)
Travel and promotion expenses	**309**	419	(110)	(26%)	781	(472)	(60%)
Computer and IT expenses	**587**	441	146	33%	596	(9)	(2%)
Occupancy costs	**183**	326	(143)	(44%)	506	(323)	(64%)
Insurance expense	**808**	250	558	223%	270	538	199%
Recruiting fees	**46**	223	(177)	(79%)	219	(173)	(79%)
Office and administrative expenses	**4,138**	357	3,781	1059%	1,429	2,709	190%
Directors fees	**130**	52	78	150%	117	13	11%
Allowance for expected credit losses	**766**	-	766	n/a	-	766	n/a
	13,457	11,125	2,332	21%	13,337	120	1%

General and administrative expenses of $13,457 for the three months ended December 31, 2019 were $2,332 higher than expenses of $11,125 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 Q3-2019, general and administrative expenses increased by $120 which was primarily due to higher personnel costs and office and administrative expenses. These reductions were partly offset by lower consulting fees for the Company's information technology capabilities and lower professional and legal fees particularly related to international efforts. With the appropriate personnel and infrastructure now in place, and in conjunction with the rightsizing of its construction plans announced in October 2019 and focus on operational readiness, the Company commenced a review of its general and administrative expenses in Q4 2019. The Company initiated reduction plans and believes it can curtail general and administrative expenses in 2020 where the normalized quarterly G&A spend is expected to be approximately $8,000.

Non-cash stock-based compensation expenses

Non-cash stock-based compensation increased by $8 to $2,923 for Q4-2019 from $2,915 in Q4-2018, 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 Q3-2019, share-based compensation expense decreased by $590 due to cancellations from exiting personnel, partially offset by additional stock option grants being awarded within Q4-2019 to new employees.

Loss from operations

Losses from operations of $17,742 for the three months ended December 31, 2019 were lower than losses from operations of $18,188 for the three months ended December 31, 2018, primarily as a result of a reduction in general and administrative expenses as outlined above, related to significant changes and evolution of the business.

In comparison to a loss from operations of $19,810 in Q3-2019, the Company's losses from operations were reduced as a result of a comprehensive review of operations to reduce costs and improve cash flow and due to an increase in revenue in HemPoland.

Impairment charges

A non-cash impairment charge of $123,432 for the year ended December 31, 2019 was realized on the Canadian CGU. The non-cash impairment charges recognized during the period were primarily attributable to the changes in the timing of accessing market demand and the resulting slower revenue ramp and growth than originally forecasted by management. Management has taken steps to realign the strategic plan to account for the changing market conditions. In addition, the Company realized an impairment loss on its investment in Epican of $4,296 (year ended December 31, 2018 – $Nil) due to changing market conditions in Jamaica and the strategic decision to forgo expansion of proposed cultivating activities in Jamaica for export.

Net loss and Comprehensive loss

The Company's net loss and comprehensive loss for the three months ended December 31, 2019 was $144,753 and $144,520 respectively (December 31, 2018 – $18,120 and $17,607 respectively) which reflects the loss from operations including the impairment charges discussed above and the increase is primarily related to the impairment charge which was recognized during the quarter as discussed above.

In comparison to Q3-2019, the Company experienced a $124,450 increase in net loss and $123,283 increase in comprehensive loss primarily as a result of the impairment charges recognized during Q4-2019.

FINANCIAL POSITION

The following is a discussion of the changes to the Company's financial position as at December 31, 2019 as compared to January 1, 2019 in accordance with IFRS and on a consistent basis with the Consolidated Financial Statements and related notes:

in thousands of $CAD, except %		As at December 31, 2019		As at January 1, 2019	Change ($)	Change (%)	Comments
ASSETS							
Current assets							
Cash and cash equivalents	**$**	**27,569**	$	213,549	(185,980)	(87)	See Liquidity and Capital Resources section below.
Restricted cash		**8,578**		50,000	(41,422)	(83)	Decrease due to $45,422 paid towards construction contracts related to the Quebec Facility, partially offset by $4,000 additional funds transferred to restricted cash.
Refundable sales tax receivable		**8,553**		13,332	(4,779)	(36)	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		**8,382**		3,521	4,861	138	An increase in prepaid operational expenses and deposits with the ramp-up to be operationally ready for full scale production in 2020.
Trade Receivables		**1,488**		1,199	289	24	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		**8,268**		3,925	4,343	111	An increase due to the harvesting of biological assets in Canada and new purchases of raw materials in Poland, partially offset by inventories sold.
Biological assets		**2,771**		395	2,376	602	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		**699**		800	(101)	(13)	
Other current assets		**534**		864	(330)	(38)	
Deferred financing costs		**1,324**		—	1,324	-	Increase related to deferred costs related to the secured credit facility obtained in 2019.
	$	**68,166**	$	287,585	(219,419)	(76)	
Non-current assets							
Property, plant and equipment	**$**	**237,033**	$	108,808	128,225	118	An increase due to $250,165 in construction additions partially offset by $118,797 impairment charge, $2,809 in depreciation, foreign exchange changes of $184 and disposals of $150.
Intangible assets		**12,019**		13,535	(1,516)	(11)	A decrease mainly due to the impairment charge recognized in Q4 2019, offset by capitalization of development costs related to the Company's implementation of a modernized enterprise resource planning system to support full scale operations.
Investments in associates		**4,918**		10,944	(6,026)	(55)	A decrease due to share of Epican comprehensive loss as well as impairment on Epican taken in Q4 2019.
Goodwill		**8,101**		10,702	(2,601)	(24)	Decrease related to impairment charge taken in 2019.
Other assets		**11,944**		15,662	(3,718)	(24)	A decrease due primarily to construction deposits transferred to fixed assets during the period. Additional deposits are expected to transfer to fixed assets as the projects progress.
Total assets	**$**	**342,181**	$	447,236	(105,055)	(23)	

in thousands $CAD, except %		As at December 31, 2019		As at January 1, 2019	Change ($)	Change (%)	Comments
LIABILITIES AND SHAREHOLDERS' EQUITY							
Current liabilities							
Accounts payable and accrued liabilities	**$**	**52,074**	$	28,258	23,816	84	An increase due to increased transactional activity mainly due to construction at both the Hamilton Facility and Quebec Facility, partially offset by payments made.
Income tax payable		**39**		781	(742)	(95)	
Short-term loans		**524**		688	(164)	(24)	A decrease due to principal repayments on a line of credit assumed by the Company in the acquisition of HemPoland.
Current portion of lease liabilities		**590**		263	327	124	
	$	**53,227**	$	29,990	23,237	77	
Non-current liabilities							
Lease liabilities		**2,955**		1,468	1,487	101	Increased due to new leases and modifications, partially offset by principal and interest payments made on lease liabilities.
Loans		**16,909**		-	16,909	-	Receipt of secured credit facility in December 2019. Principal repayments start in 2021.
Contingent consideration		**462**		688	(226)	(33)	A slight decrease due to the revaluation of contingent consideration owed resulting from HemPoland acquisition as at December 31, 2019.
Deferred tax liability		**1,028**		1,435	(407)	(28)	
Total liabilities	**$**	**74,581**	$	33,581	41,000	122	
Total Shareholders' Equity	**$**	**267,600**	$	413,655	(146,055)	(35)	A decrease due to a reduction in the reserve for warrants of $1,614, an increase in the accumulated deficit of $195,155, a decrease in accumulated other comprehensive income of $2,754, and a decrease in non-controlling interests of $555, partially offset by increased share capital of $36,583 from equity financing as well as the exercise of warrants and options in the year, reserve for share-based compensation increase of $14,194, and an increase in contributed surplus of $18.
Total Liabilities and Shareholders' Equity	**$**	**342,181**	$	447,236	(105,055)	(23)	

LIQUIDITY AND CAPITAL RESOURCES

During the year ended December 31, 2019, the Company generated the majority of its revenue from acquired foreign operations and relied on the equity financing raised in prior years together with the 2019 Offering and the Loan 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 December 31, 2019 was $14,939 (December 31, 2018 - $257,707). The total consolidated cash position was $36,147, including $8,578 of restricted cash (December 31, 2018 – $263,549 of which $50,000 was restricted cash). This cash, together with additional alternative financing will be used towards the construction of facilities, to install manufacturing equipment and cover operating costs towards the Company reaching positive operating cashflow.

The Company has primarily financed its operations to date through the issuance of common shares, warrants and a senior secured credit facility. The Company continues to seek capital through various means including the issuance of equity and/or debt. The 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 significant doubt about the Company's ability to continue as a going concern.

	For the year ended		
	December 31, 2019	**December 31, 2018**	**Variance to FY-2018 ($)**
		(Recast)	
Net cash used in operating activities	**$ (56,697)**	$ (62,267)	$ 5,570
Net cash used in investing activities	**$ (184,094)**	$ (151,963)	$ (32,131)
Net cash provided by financing activities	**$ 56,097**	$ 364,601	$ (308,504)
Net effects of foreign exchange	**$ (1,286)**	$ (558)	$ (728)
(Decrease) increase in cash and cash equivalents	**$ (185,980)**	$ 149,813	$ (335,793)

Operating Activities

For the year ended December 31, 2019 net cash used in operating activities was $5,570 lower than the year ended December 31, 2018. The decrease was primarily related to a decrease in non-cash operating working capital items of $23,145 offset by an increase in net loss.

Investing Activities

For the year ended December 31, 2019 net cash used in investing activities was primarily the result of a $219,654 in additions to property, plant and equipment as a result of a ramp up of construction projects (December 31, 2018 - $81,631) offset by transfers from restricted cash of $41,422 (December 31, 2018 – transfer to restricted cash $50,000).

Financing Activities

For the year ended December 31, 2019 net cash provided by financing activities was $308,504 lower than the year ended December 31, 2018. The decrease was primarily the result of the $271,986 higher cash inflows in the prior year from the Company's financings which took place then, including the IPO. During the year ended December 31, 2019, financing cash inflows consisted primarily of net cash provided from the December bought deal equity financing of $24,670, while the net cash proceeds from the senior secured credit facility were $16,294.

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 December 31, 2019, the Company has letters of credit in the amount of $1,800 which may be drawn upon in the event of material breaches of the respective agreements. These letters 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 corresponding GICs as collateral, which have been recorded in other assets. As at December 31, 2019, there have been no breaches and no amounts have been drawn on the letters of credit. As at December 31, 2019, the Company has outstanding deposits on construction related activities of $690 (December 31, 2018 – $9,431) also included in other assets.

The Company has also entered into escrow agreements with its construction partners in Ontario and in Québec. During the year ended December 31, 2019, the Company paid $45,422 to its construction partner in Québec leaving a balance of $8,578 in restricted cash as at December 31, 2019.

Updated Strategic Plan and Update on Upcoming Milestones

As described in the "Recent Developments" section above, the Company has begun executing 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 has been 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 – Prior to October 18, 2019 announcement**	**Revised Plan – Estimates as at December 31, 2019**
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 processing facility ("Support Building") was expected to be completed between September 2019 and October 2019. This building is planned to be used for processing the raw cannabis.	The Phase 2 indoor building had been completed, received licensing and became operational as expected in Q3-2019. The Greenhouse had been substantially completed as expected in Q3-2019, however, the first grow room became operational in November 2019 having an impact on harvest cycles. Support Building is expected to be substantially complete in March 2020 and coincide with the Health Canada approvals required. Plants are able to be processed in the Company's other lisenced building 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 (Estimates as at June 30th, 2019)	$54,033 (as at December 31st, 2019)
[B] Latest capital budget, excluding construction of the structure of the facility	$42,455 (Estimates as at June 30th, 2019)	$59,770 (as at December 31st, 2019)
[C] Life to date incurred	$56,475 (Estimates as at June 30th, 2019)	$103,420 (as at December 31st, 2019)

Expected costs to complete [A] + [B] – [C]	$23,928 (Estimates as at June 30th, 2019)	$10,383 (as at December 31st, 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 Support Building construction is continuing, and completion remains on target to coincide with Health Canada approval.

Separately, the Facility's energy centre has reached substantial completion, with the boiler system are commissioned and in operation.

(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 - Prior to October 18, 2019 announcement	Revised Plan – Estimates as at December 31, 2019
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 December 31, 2019. Production from the Québec Facility will be completed via processing and packaging at the Hamilton Support Building instead of the central processing facility mentioned in the original Phase 1a, which the Company expects to generate efficiencies and leading to higher gross margins. The facility has been enclosed where needed 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 kgs of potential capacity with investment of additional capital. Further details and additional costs are discussed below.
Planned Annual Growing Capacity	185,000 kgs	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)	$114,954 (as at December 31st, 2019)

[B] Latest capital budget, excluding construction of the structure of the facility	\$133,133 (as at June 30th, 2019)	\$128,183 (as at December 31st, 2019)
[C] Life to date incurred	\$159,469 (as at June 30th, 2019)	\$228,860 (as at December 31st, 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.	\$14,277 for Phase 1 (as at December 31st, 2019); of which \$4,578 is available from restricted cash as at December 31st, 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 has been installed and submitted to Health Canada for approval in January 2020. Due to the new strategic plan, a preservation program was put in place for the roof top greenhouse, support and infrastructure. The rainwater pond has been completed and put into asset preservation mode until spring, 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 kgs 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

Phase 2 can be broken down further into sections of two rooms at a time on an as needed basis as well. 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 after Q2, 2020 and 2021, should market conditions warrant this expansion. Phase 4 would require an additional \$50,000 approximately, expected 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

Prior to the closing of the bought deal financing and senior secured credit facility in December 2019, the primary source of funds for the Company was from previous equity raises and the use of those 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 Facility and Québec Facility, 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*".

A summary of the primary use of funds from the bought deal financing and the senior secured credit facility, were as follows:

Planned uses, other than working capital		Planned Cash Outflows	Actual Cash Outflows to December 31, 2019		Variance
Bought deal financing closed on December 19, 2019					
Complete construction of the processing building at the Hamilton Facility	$	14,200	$ -	$	(14,200)
Senior secured credit facility, closed on December 24, 2019					
Transaction costs	$	4,448	$ 4,448		-
Payments related to construction	$	16,594	$ 16,594	$	-

The Company used funds received from the senior secured credit facility exclusively for transaction costs and capital expenditures for its Hamilton Facility and Québec Facility prior to December 31, 2019 which in turn reduced the Company's accounts payable and accrued liabilities balance for construction and reduces risk on the projects. Funds from the bought deal financing were not spent in the last half of December 2019 given the limited number of business days remaining in the year and the fact that the senior secured credit facility funds were dedicated to construction activities. The Company is actively negotiating favourable payment terms in mutually beneficial arrangements with vendors to maximize the Company's working capital position as it continues to build inventory in preparation for sales at scale. Subject to the availability of additional funding noted in the discussion around going concern above, management expects sufficient funds be available to ensure that the Company can achieve its stated objectives.

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 from a customer in Europe for approximately $2,100. No provision in relation to these claims has 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.

Other contractual commitments

As at December 31, 2019, the Company had the following contractual obligations:

	Total	2020	2021	2022	2023	2024	Thereafter
	$	$	$	$	$	$	$
Accounts payable and accrued liabilities	**52,074**	52,074	-	-	-	-	-
Loans [(1)]	**25,572**	3,382	22,190	-	-	-	-
Commitments related to construction [(2)]	**24,660**	24,660	-	-	-	-	-
Contingent consideration payable	**799**	-	-	799	-	-	-
Lease liabilities	**10,442**	1,476	1,159	1,099	659	612	5,437
Total contractual obligations	**113,547**	**81,592**	**23,349**	**1,898**	**659**	**612**	**5,437**

(1) Includes interest payable until maturity date. The Senior Secured Credit Facility details are described in the recent developments section above.

(2) Includes costs to complete both the Hamilton and Quebec facilities, including the Energy Centre at the Hamilton facility.

The lease for the office space of the Company's headquarters in Mississauga required the issuance of a letter of credit in the amount of $350, which may be drawn upon by the landlord in the event of a material breach of the agreement. As at December 31, 2019, there have been no breaches and no amounts have been drawn upon this letter of credit.

During the year ended December 31, 2019, the Company also entered into agreements for equipment that allowed for deferred payment terms and/or the inclusion of permitted liens on personal property, per the senior secured credit facility agreement, associated with the equipment should there be any material breaches of the agreements. The associated balances included in accounts payable and accrued liabilities as at December 31, 2019 is approximately $14,334. As at December 31, 2019, there have been no breaches of the respective agreements.

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

We describe our significant accounting policies and critical accounting estimates in Note 3 to the audited consolidated financial statements. The preparation of the consolidated financial statements requires the use of estimates and judgements that affect the application of the Company's accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods effected. Below are key areas for estimates and judgements:

(a) Biological assets and inventory

In calculating the fair value of the biological assets, management is required to make a number of judgements and estimates, including estimating the stage of growth of the cannabis plants up to the point of harvest, harvesting costs, selling costs, sales price, wastage and expected yields for the cannabis plants. In calculating inventory values, management is required to determine an estimate of the obsolete inventory and compares the inventory cost to estimated net realizable value.

(b) Impairment, estimated useful lives, depreciation and amortization of property, plant and equipment and intangible assets

Depreciation and amortization of property, plant and equipment and intangible assets are dependent upon estimates of useful lives, and depreciation rates. The depreciation and amortization methods are judgements based on the Company's assessment of the pattern of use of the assets. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions.

(c) Business combinations

Judgment is used in determining whether an acquisition is a business combination, or an asset acquisition based on the facts and circumstances of the transaction in relation to the criteria listed in *IFRS 3 Business Combinations*. Determining the purchase price of a business combination, including any acquisition-related contingent consideration, and determining the allocation of that purchase price requires estimation of the fair value of the non-cash consideration and fair value of the assets acquired and liabilities assumed.

[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.

[c] Change in functional currency of HemPoland

For the year ended December 31, 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.

A number of new standards are effective for annual periods beginning after January 1, 2020 and earlier application is permitted. However, the Company has not early adopted the new or amended standards in preparing these consolidated financial statements. The following amended standards and interpretations are not expected to have a significant impact on the Company's consolidated financial statements.

- Amendments to *References of Conceptual Framework in IFRS Standards*
- Definition of a *Business* (Amendments to *IFRS 3*)
- Definition of *Material* (Amendments to *IAS 1* and *IAS 8*)

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

[a] Fair values

The Company's financial instruments were comprised of the following as at December 31, 2019: cash and cash equivalents; restricted cash; refundable sales tax receivable; trade receivables; due from related parties; other investments; other current assets; accounts payable and accrued liabilities; loans; contingent consideration and lease liabilities.

The fair values of the financial assets and financial liabilities are determined 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.

[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 year ended December 31, 2019, there were no transfers of amounts between levels (year ended December 31, 2018 – none).

[c] Management of key risks arising from financial instruments

Credit Risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit-related losses in the event of non-performance by the counterparties.

The carrying amount of cash and cash equivalents, trade receivable, refundable sales tax receivable, due from related parties, prepaids and deposits, and other assets represents the maximum exposure to credit risk as at December 31, 2019. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors. Credit risk is mitigated by entering into sales contracts with stable, creditworthy parties and through frequent reviews of exposures to individual entities.

The Company assesses the credit risk of trade receivables by evaluating the aging of trade receivables based on the invoice date. The carrying amount of trade receivables is reduced through the use of an allowance account and the amount of the loss is recognized in the consolidated statements of loss and comprehensive loss. When a trade receivable balance is considered uncollectible, it is written off against the allowance for expected credit losses. Subsequent recoveries of amounts previously written off are credited against operating expenses in the consolidated statements of loss and comprehensive loss. As at December 31, 2019, the Company's trade receivables are primarily concentrated in Europe with the exception of $343 in Canada. The Company had one customer whose balance was greater than 10% of total trade receivables as at December 31, 2019, respectively (December 31, 2018 – two customers).

RELATED PARTIES

Identification of related parties

Related parties as at December 31, 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
Marie-Josee Lafrance	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
Ravinder Kumar	Management	Exchange amount
Epican Medicinals Ltd.	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.

Key Management Personnel

Key management personnel compensation comprised the following:

	Transactions for the year ended		Outstanding balances payable as at	
	December 31, 2019	December 31, 2018	**December 31, 2019**	December 31, 2018
Compensation	**4,352**	3,582	**131**	487
Share-based payments	**9,339**	6,037	**-**	-
	13,691	9,619	**131**	487

Other related party transactions

	Transactions for the year ended		Outstanding balances as at	
	December 31, 2019	**December 31, 2018**	**December 31, 2019**	**December 31, 2018**
Purchases				
Purchase of goods and services	-	963	-	-
Advances and repayments				
Associates	**(101)**	825	**699**	800
	(101)	1,788	**699**	**800**

All outstanding balances with these related parties were conducted at the exchange amount. None of the balances are secured. No expense has been recognized in the current year or prior year for bad or doubtful debts in respect of amounts owed by related parties. No guarantees have been given or received by related parties other than 9371-8633 Québec Inc. participation in the senior secured credit facility agreement.

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. 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 pre-existing medical cannabis regulatory scheme under one complete framework. Amendments legalizing the sale of edible cannabis, cannabis extracts, and cannabis topicals in the Canadian market 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.

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. Patients who have the authorization of their healthcare provider 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.

Provincial Regulatory Framework for Recreational Cannabis

While the Cannabis Act provides for regulation of the commercial production of cannabis and related matters by the federal government, the provinces and territories of Canada have authority to adopt their own laws and regulations 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, except for Alberta, where the minimum age is 18, and Québec, where the minimum age is 21.

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 as exclusive retailers.

Some municipal and regional governments may also choose to impose additional requirements and regulations on the sale of recreational cannabis. In some provinces, 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 the rules of 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 ("pilot program") permitting doctors to prescribe medical cannabis to a defined patient group. The trial 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). 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 January 1, 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.

Since being introduced, there has been debate regarding whether the pilot program has provided medical patients with sufficient access to medical cannabis and whether the implementation and evaluation criteria has been sufficiently clear. An overall review and evaluation of the cannabis pilot program is expected to be carried out in May 2020 and the Minister of Health, Magnus Heunicke, has stated he is ready to extend the medical cannabis pilot program if that it is necessary for effective evaluation of the program

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 the use of cannabis and its derivatives for medicinal purposes that could 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. 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 upcoming delivery of the regulations to the then Mexican President for ratification; however, 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 human right to health to the public at large. On October 18, 2019 a Bill was presented in Congress by the United Commissions of Justice, Health, and Legislative Studies of the Senate (the "Commissions"), in order to enact the Law for the Regulation of cannabis and the amendments to certain provisions set forth in the General Health Law and the Criminal Code (the "Bill"). On January 9, 2020, the Commissions presented a revised preliminary Bill, which should be discussed and negotiated during the current ordinary sessions that run from February 1st through April 30, 2020. The Bill regulates the following uses of cannabis and its derivatives: personal, recreational, medical and palliative, scientific, research, commercial and industrial. Regarding the medical, therapeutic and palliative uses of cannabis' derivatives, the Bill authorizes the use and production of cannabis, as well as the import and export of products which contain its derivatives. A specific licence will be needed for carrying out such activities.

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. On October 29, 2019, the United States Department of Agriculture (the "USDA") released an interim final rule for regulations governing hemp production in the United States. The Farm Bill also authorizes individual states to regulate hemp in their jurisdiction by developing and seeking USDA approval of a regulatory plan. The interim final rule was open to public comment until January 29, 2020. Following review of public comment, the USDA has indicated it intends to publish and implement a final rule governing hemp production. Until the final rule comes into force or state and tribal plans are approved and implemented, 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 has issued letters of no objection to at least 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.

Germany

In March 2017, the German legislator introduced "The Cannabis as Medicine Act" (Gesetz zur Änderung betäubungsmittelrechtlicher und anderer Vorschriften) which regulates the requirements for the marketability of cannabis pharmaceuticals and their inclusion in health insurance plans. Under this Act, statutory insured patients suffering from a severe disease (i.e. life-threatening or seriously affecting quality of life) are entitled to treatment with medicinal cannabis (flowers or extracts in standardized quality) if (i) generally recognized treatment in accordance with medical standards is either not available, or cannot be applied in individual cases according to the justified assessment of the treating physician, and (ii) if there is a not entirely distant prospect of a noticeable positive effect on the course of the disease or on serious symptoms.

Importers of cannabis pharmaceuticals which have not been produced in an EU/EFTA Member State and which shall be distributed in Germany on a commercial or professional basis must apply for an import authorization to the competent health authority in the federal state (Bundesland) in which the importer is based. Generally, the import authorization can be issued for cannabis from cultivations controlled by the State pursuant to the requirements of the 1961 UN Single Convention on Narcotic Drugs. Furthermore, medicinal cannabis products are subject to the marketability requirements under the Medicinal Products Act (Arzneimittelgesetz) which requires a marketing authorization for finished medicinal products issued by the competent Federal Institute for Drugs and Medical Devices (Bundesinstitut für Arzneitmittel und Medizinprodukte – "BfArM"). Finally, medicinal cannabis products with a THC concentration of at least 0.2 percent qualify as narcotics under German law and are therefore subject to the authorization requirements under the German Narcotic Drugs Act (Betäubungsmittelgesetz). Under this Act, seller and buyer of medicinal cannabis products must obtain an authorization by the BfArM. Such an authorization has been issued per se for qualified doctors and pharmacists who sell or buy narcotics for the treatment of a patient or in the course of the operation of a pharmacy.

RISK FACTORS AND UNCERTAINTIES

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 current Annual Information Form as updated by subsequent reports, 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's limited operating history;
- the Company may be unable to achieve 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 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 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.

The Company is subject to the following additional risks:

The Company's ability to continue as a going concern.

The Company's available funds are expected to fund operations until the end of April 2020, at which time the Company will require additional capital to fund operations. In addition, in December 2019 the Company closed the first tranche of the Loan. The Company is obligated to make interest payments and comply with other covenants under the Loan, but there is a risk it will be unable to make such payments or comply with such covenants, in which case the lender under the Loan may take steps to enforce its security over substantially all of the assets of the Company. Given these financial circumstances, there is uncertainty as to whether the Company will have the ability to continue as a going concern.

The Company's ability to raise required additional capital through the sale of equity or debt instruments or the factoring of receivables or otherwise.

The Company's available funds are expected to fund operations until the end of April 2020, at which time the Company will require additional capital to fund operations. There can be no assurance that such financing may be available or on terms that are acceptable. To date, the Company has relied primarily on the public equity capital markets in Canada in order to raise required capital. There has been a marked cooling off of activity in the Canadian equity capital markets for Canadian Licensed Producers, and the Company's ability to raise equity capital may be adversely impacted. The market for debt capital has likewise tightened. In addition, the Company provided a first charge over substantially all of its assets to the lender under the Senior Secured Credit Facility. Together, these factors may adversely impact the Company's ability to raise debt capital.

The Québec Facility is under construction and any delay in construction and/or licensing may have an adverse impact on the Company.

Construction is subject to a number of risk factors, including the availability and performance of engineering and construction contractors, suppliers and consultants, the receipt of required governmental approvals and permits in connection with the construction of the Québec Facility. Any delay in the performance of any one or more of the contractors, suppliers, consultants or other persons on which the Company is dependent in connection with its construction activities, a delay in or failure to receive the required governmental approvals and permits in a timely manner or on reasonable terms, or a delay in or failure in connection with the completion and successful operation of the operational elements in connection with construction could delay or prevent the construction and start-up of the Québec Facility as planned. There can be no assurance that current or future construction plans implemented by the Company will be successfully completed on time, within budget and without design defect; that personnel and equipment will be available in a timely manner or on reasonable terms to successfully complete construction projects; that the Company will be able to obtain all necessary governmental approvals and permits; or that construction costs, start-up costs and ongoing operating costs will not be significantly higher than anticipated by the Company. Any of the foregoing factors could adversely impact the operations and financial condition of the Company.

The Company's CBD business in Europe is subject to evolving approaches to the regulation of CBD by the European Union, its member states, and the United Kingdom

In February 2019, the entry regarding cannabinoids in the novel food catalogue of the European Union was updated to state that extracts of *cannabis sativa L.* and derived products containing cannabinoids are considered novel foods, meaning that they were not consumed by humans in the European Union to a significant degree before May 15, 1997. This applies to both the extracts themselves and any products to which they are added as an ingredient. As a result, European Union member states may determine that extracts of *cannabis sativa L.* and derived products containing cannabinoids, such as those produced by HemPoland, may not be sold within their territories without novel food authorization issued by the European Commission. The United Kingdom's Food Standards Agency has recently announced a deadline of March 31, 2021 for all CBD products currently on the market in the UK to submit novel food authorization applications. Further developments from the ESFA or national regulatory bodies with respect to regulation of *cannabis sativa L.* and its extracts, whether in the novel food catalogue or otherwise, could result in a material adverse effect on the Company's business, financial condition and results of operation.

The Company's business is dependent on key supply chains which could be adversely disrupted by a number of factors including, among others, major health issues or pandemics

We and our suppliers may be affected by, among other things, disruptions related to major health issues or pandemics, increases in labor and fuel costs, labor disputes and disruptions, regulatory changes, political or economic instability or civil unrest, natural disasters, trade restrictions, tariffs, transport capacity and costs and other factors relating to trade. In particular, major health issues and pandemics, such as the global impact of the coronavirus, have and may impact commerce and travel and may adversely affect trade and global and local economies. Given the ongoing and dynamic nature of the circumstances, it is difficult to predict the impact of the coronavirus outbreak on our business. These factors are beyond our control, may adversely affect us and our suppliers or cause disruptions to their and our businesses and may impact their ability to supply us.

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.

The CEO and CFO have evaluated the design and effectiveness of the Company's DC&P as at December 31, 2019 and based on that evaluation, the CEO and CFO have concluded that the DC&P are effective. Due to inherent limitations in control systems and procedures no matter how well conceived or operated, their evaluation can provide only reasonable, not absolute, assurance that such disclosure controls and procedures are operating effectively.

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 December 31, 2019.

The CEO and CFO have evaluated the design and effectiveness of the Company's ICFR as at December 31, 2019 and based on that evaluation, the CEO and CFO have concluded that the ICFR are effective. Due to inherent limitations in control systems and procedures no matter how well conceived or operated, their evaluation can provide only reasonable, not absolute, assurance that such ICFR are operating effectively.

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 year ended December 31, 2019, which have materially affected, or are reasonably likely to affect, the Company's internal controls over financial reporting.

OUTSTANDING SHARE DATA

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

Shares	313,581,344
Warrants	91,477,480
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	16,659,067

See the Company’s consolidated financial statements for a detailed description of these securities. Each security type is convertible into one Common Share.