THE YIELD GROWTH CORP.

Management's Discussion & Analysis
For the Periods Ended February 28, 2019 and 2018

This Management's Discussion and Analysis ("MD&A") relates to the consolidated financial position and financial performance of The Yield Growth Corp. (formerly Cannapay Financial Inc.) ("Yield Growth"), its 100% owned subsidiary Urban Juve Provisions Inc. (formerly Juve Wellness Inc.) ("Urban Juve"), its 100% owned subsidiary UJ Topicals Inc. ("UJ Topicals"), its 100% owned subsidiary UJ Beverages Inc. ("UJ Beverages"), its 100% owned subsidiary Yield Botanicals Inc. (formerly UJ Edibles Inc.) ("Yield Botanicals"), and its 100% owned subsidiary Thrive Activations Inc. (formerly Super Dope Solutions Inc.) ("Thrive") for the periods ended February 28, 2019 and 2018. On March 19, 2019, the Company incorporated its 100% owned subsidiary Mad Wallaby Distribution Inc. ("Mad Wallaby"). Collectively, Yield Growth, Urban Juve, UJ Topicals, UJ Beverages, Yield Botanicals, Thrive, and Mad Wallaby are referred to as the "Company". All references to "us" "we" and "our" refer to the Company. All inter-company balances and transactions have been eliminated.

Except where otherwise indicated, the financial information contained in this MD&A was prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the three months ended February 28, 2019 and 2018, and the audited annual consolidated financial statements for the years ended November 30, 2018 and 2017 (collectively referred to as the "Financial Statements").

Financial information contained in this MD&A has been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to realize its assets and satisfy its liabilities in the normal course of business for the foreseeable future. Management is aware, in making its going concern assessment, of material uncertainties related to events and conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The Company has incurred a net loss of $3,789,780 during the three months ended February 28, 2019 and has incurred an accumulated deficit of $14,727,966 as at February 28, 2019. The continued operations of the Company are dependent on future profitable operations, management's ability to manage costs and the future availability of equity or debt financing. Whether and when the Company can generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due is uncertain. These condensed interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption be inappropriate. These adjustments could be material.

Except where otherwise indicated, all financial information is expressed in Canadian dollars.

CORPORATE OVERVIEW

We develop, manufacture, license and distribute cannabis and hemp infused luxury products and we have a catalogue of over 200 wellness and beauty products at various stages of commercialization. Our management team brings into the cannabis industry experience from roles in international multi-billion-dollar brands including M.A.C. Cosmetics, Johnson & Johnson, Procter & Gamble, Artizia, Sketchers, Best Buy, Pepsi and Coca-cola.

We serve mainstream luxury consumers who seek sophisticated wellness products. Our flagship consumer brand, Urban Juve, has proprietary, patent-pending hemp root oil extraction technology and formulas. We have built a high tech international e-commerce platform which will extend to Amazon and Chinese mobile payment app WeChat and we use sophisticated strategies to market our products which include social media, influencers, SEO driven content creation, a podcast, programmatic digital advertising, QR codes and AI enabled digital kiosks and pop-up shops. We are establishing retail distribution networks in Canada, the United States (the "US") and China. We have multiple revenue streams including licensing, services and product sales.

Yield Growth
CSE: BOSS

- Urban Juve 100%
- UJ Topicals 100%
- UJ Beverages 100%
- Yield Botanicals 100%
- Thrive 100%
- Mad Wallaby (California) 100%

Urban Juve™ owns skincare products with proprietary formulations containing cannabis sativa hemp seed oil and cannabis sativa hemp root extract and high-quality essential oils, available across Canada and the US.

UJ Topicals™ THC and CBD infused topicals line Wright & Well™ with agreement to sell through a distribution network of 400 cannabis retail stores throughout the State of Oregon through Nova Paths LLC, an Oregon Liquor Control Commission approved and licensed manufacturer and distributor of cannabis products in Oregon.

UJ Beverages owns a line of wellness beverage formulas and teas designed to be infused with CBD and THC and one capsule product intended to treat hangovers.

Yield Botanicals is a vehicle for acquiring farming and botanical assets and developing extraction technology and facilities to provide our key ingredients supply.

Thrive is structured to provide executive services to businesses and our licensee partners.

Mad Wallaby (California) was established to manage the Company's distribution in the California market and to develop a line of Cannabidiol ("CBD") infused topical products

PRODUCTS AND SERVICES

Currently we own 100% of the following brands:

Urban Juve™

This is our flagship brand, a unisex skin and personal care line with hemp root oil as its main ingredient. We currently have 11 products on the market, being sold in the US and Canada through e-commerce. Over 70 retail stores in Canada have agreed to carry the line. We are launching our products in Asia this spring, starting with e-commerce through Chinese messaging and mobile payment application WeChat. Urban Juve has been well received by the press since its launch in January, with positive write ups in Elle Canada Magazine, Zoomer and The Growth Op. Our Anti-aging serum made it into this year's pre-Oscar event bags.

In addition to acquiring wellness formulas for body care, facial care and therapeutic products, we have also developed products through our in-house research and development team. We have applied for patent protection for some of our products which we believe have unique ingredients or other potentially patentable features. To date we have filed 11 provisional patent applications in the United States and one Patent Co-operation Treaty patent application entitled "Cannabis Root Extract, Method of Manufacture, Method of Use". This application claims priority to the 11 US patents filed last year by Urban Juve and can be used as a basis for obtaining patent protection in over 170 countries. Our extraction technology is designed to preserve potentially therapeutic compounds in the root and enhance penetration of the skin.

As the Company's flagship, Urban Juve is a bold brand rooted in the organic synthesis of ancient knowledge and modern techniques to create exceptional beauty and wellness solutions. Ayurvedic knowledge delineates three general categories or skin types, which Urban Juve has translated as Vitalize, Balance and Align, each with its own dedicated range of skin and body care formulations.

Urban Juve is in planning to launch 30 additional products over the next year and these include: 3 Lip Glosses, 3 Body Exfoliants, 3 Dry Facial Masks, cream facial cleanser, Facial Cleansing Pads, micellar water, eye cream, 2 facial oils, deodorant, foot cream, a full mens' line and essential oil blends.

Wright & Well™

Wright & Well is a cannabis wellness brand of which we own 100% that will be launching in Oregon, United States in Q2 or Q3 2019. The products are intended to help relieve pain and anxiety. The initial nine products include THC and CBD oils, analgesic topical gel with tetrahydrocannabinol ("HC") and CBD, pain balm with THC and CBD, massage oil with THC and CBD, and three types of capsules containing THC and Ayurvedic herbal formulations, blended with ingredients that have historically been used to treat arthritis and chronic pain.

Wright & Well branded products will be launching in the legal cannabis market in Oregon and will serve the growing number of wellness-minded people seeking new ways to take control of their health. Sophisticated, familiar and intelligent, the new brand aims to demystify the world of cannabis and make it more accessible for a wider audience.

We intend to license our brand and provide our formulas and packaging, as well as point of sales materials, to licensed cannabis manufacturers, distributors and retailers in various jurisdictions. We currently are in discussions with cannabis licensed holders in the State of Washington, Nevada, California, New York, as well as Canada and other countries. Our plan is to roll out our brand internationally, one territory at a time.

Mad Wallaby™

We are developing a line of products for cannabidiol infusion with the primary target market being the United States. With the adoption of the Farm Bill into law in late 2018, topical products containing cannabidiol are now federally legal in the United States, subject to state law and compliance with the FDA. We have engaged New York marketing agency The Design Spot to create a brand identity and initial packaging design for this CBD product line. The Design Spot is a design and branding company located in the heart of New York City with a team of award-winning designers and with a portfolio that includes L'Oreal, Estée Lauder Companies (Origins) and Dove.   Mad Wallaby has been set up as a California corporation and our intention is to use it to distribute our brands in the US.

UJ Beverages

We currently have a line of 8 beverages fruit beverages and 10 teas in development. The fruit beverage formulations were developed in India and are based on Ayurvedic medicine using botanicals, fruit extracts and natural botanical extracts, including hemp extracts. The main beverages are good on their own and can also be infused with cannabinoids such as CBD and THC. The formulas have been developed to offer various health benefits, including an energy boost, hangover treatment, brain function boost, anxiety reduction, improved immunity, toxin removal and reduced inflammation.

We have completed the taste profiling on the 8 fruit beverages and we are now in negotiations with several beverage manufacturers to complete stability testing and manufacture the drinks. One of the key ingredients in all of these beverages is cannabis leaf extract, which we produce using our patent pending sonic and nano emulsion technology.

LICENSING ACTIVITIES

On June 11, 2018, we entered into a license and distribution agreement with CROP Infrastructure Corp. ("CROP"), a company listed with the Canadian Securities Exchange , whereby we granted an exclusive right to sell our proprietary Urban Juve wellness products in Italy, and a license to use certain related trademarks and other intellectual property owned by us, for a term of three years. In consideration for the license and distribution rights, CROP paid an initial fee of $1,000,000 in 2,500,000 equity units, with each unit consisting of one common share of CROP and one-half of one share purchase warrant. Each share purchase warrant is exercisable into one common share of CROP at an exercise price of $0.55 per share for a period of eighteen months. The proceeds of $1,000,000 received from the transaction is being recognized as revenue over the three-year term of the agreement.

FUNDING

We received warrant and stock options exercises during the first quarter of 2019 for total proceeds in excess of $3.8 million. As at February 28, 2019, we had a cash balance of approximately $3.7 million.

OVERALL PERFORMANCE

Revenues were from services offered through Thrive, licensing of Urban Juve and product sales through Urban Juve.

We realized revenue of $800,714 for the three months ended February 28, 2019 as compared to $1,808,813 for the same period of the prior year. The decline in revenues was primarily due to a consulting contract in the prior year which generated revenue of $1,800,000 as a one-time revenue. Licensing revenues are primarily driven by licensing contracts which do not have a pattern in timing. We expect to continue to generate licensing revenues for years to come but timing of the licensing revenue is mainly determined by timing of such contracts.

We launched our first product sales in this Quarter, with our lip balm launching in December, our anti-aging serum in January 2019 and our 3 moisturizers launching near the end of the of the quarter in February 2019. Since our financial quarter ended we have launched 6 more Urban Juve products, bringing the total number of SKUs for sale to 11.

We anticipate launching 9 new products through the Wright and Well brand in Q2 and Q3, so with a total of 20 products on the market, and with our aggressive marketing and sales efforts we expect our product revenues to increase substantially in Q2 and Q3.

We incurred a net loss of $3,789,780 for the three months ended February 28, 2019 as compared to $638,347 for the same period of the prior year. The increase in loss was primarily driven by a decrease in licensing revenues and costs related to advertising and marketing of our corporate profile and the Urban Juve brand. We also incurred increased consulting fees and cost of information technologies related to the launch its Urban Juve product line.

We spent a large part of our expenses on marketing, which includes marketing and packaging design for our 5 brands with over 200 products in development, new websites in development for Urban Juve and Yield Growth expected to be launched in Q2, point of sales materials for our products, sales and educational materials to sign up retailers and support them in retail sales, preparation and attendance at cannabis focused events such as LIFT, social media, programmatic advertising, influencer programs, publicists, investor events, investor relations and digital marketing. We went public in 3 countries in Q1 - including the CSE in Canada in December, the OTCQB in the United States in January and The Frankfort Stock exchange in Germany in February, requiring significant investment into market awareness to launch into those markets.

ADJUSTED EBITDA

Adjusted EBITDA, a measure used by management to indicate operating performance, is defined as earnings before interest, taxes, depreciation and amortization, excluding certain non-operating amounts as shown below. Adjusted EBITDA is not a recognized term under IFRS and is not intended to be an alternative either to gross profit or income before taxes as a measure of operating performance or to cash flows from operating activities as a measure of liquidity.

Additionally, Adjusted EBITDA is not intended to be a measure of free cash flow available for discretionary use, as it does not consider certain cash requirements such as interest payments, tax payments and debt service requirements. The Company uses Adjusted EBITDA to supplement IFRS results to provide a more complete understanding of the factors and trends affecting the business than IFRS results alone. Because not all companies use identical calculations, the presentation of Adjusted EBITDA may not be comparable to other similarly titled measurements used by other companies. Readers should not consider Adjusted EBITDA in isolation or as a substitute for profit (loss) for the period as determined by IFRS, or as a substitute for an analysis of our Financial Statements.

Reconciliation of Adjusted EBITDA for the three-month ended February 28,

	2019	2018
Net loss for the period	$ (3,789,780)	$ (638,347)
Add:		
Depreciation	9,157	1,696
Interests	-	-
Taxes	-	-
Adjustments:		
Share-based compensation	408,927	1,316,148
Unrealized loss on marketable securities at fair value through profit and loss	45,024	-
Loss from investment in associate	-	56,225
Adjusted EBITDA	$ (3,326,672)	$ 735,722

DISCUSSION ON OPERATIONS

Revenues

Revenue for the period ended February 28, 2019 was $800,714 as compared to $1,808,813 for the same period of the prior year. Revenue consisted of the following:

Consulting revenue of $709,239 as compared to $8,813 for the same period of the prior year. Consulting revenue is derived from consulting services provided to third and related parties relating to finance, accounting and strategic management under Thrive. Increase in consulting revenue was primarily due to an increase in services provided. During the three months ended February 28, 2019, we recognized revenue of $709,239 (2018 - $nil) from a company with common directors and officers and which the President and CEO of the Company is a significant shareholder.

Licensing revenue of $82,191 as compared to $1,800,000 for the same period of the prior year. Licensing revenue consisted of Urban Juve distribution rights of Italy market granted to a third party ("Italy License"). The Italy License generated a total revenue of $1,000,000 being amortized over a term of three years. Licensing revenue for the same period of the prior year of $1,800,000 was for non-exclusive manufacturing and distribution rights granted to a third party for the Canadian and international markets. We expect to continue to generate licensing revenues going forward however the timing of such licensing revenue is irregular and will be based on timing and terms of each contract.

Product sales were $9,284 for the three months ended February 28, 2019 as compared to $nil for the same period of the prior year. The Urban Juve wellness products were launched in December of 2018 with initial product of lip balm. Additional products were launched throughout the quarter for Anti-Aging Serum and Facial Moisturizers. Sales of products grew through the quarter as new products being launched and more consumers being reached. We are confident in the quality of our products and we expect sales will grow over time.

Subsequent to the quarter ended February 28, 2019, we launched six additional products including three facial mists and three daily ritual oils. Over 70 retail stores in Canada have agreed to carry the company's Urban Juve products and the company is currently in talks with retail chains in the Canada and in China to carry our products. 11 Urban Juve products may now be purchased through our ecommerce website Urbanjuve.com. We are increasing our sales and marketing efforts through social media marketing and programmatic advertising. We also have two retail sales representatives in Ontario and BC to cover retail sales channels.

We have engaged a consultant to sign us up for ecommerce sales through WeChat to target commerce sales in China and to the Chinese population worldwide and is planning to deploy artificial enabled digital kiosks in 6 high-traffic locations in Hong Kong.

Advertising and Promotion

Advertising and promotion expenses are related to our activities in promoting our corporate brand name, our wellness line of products, Urban Juve, and our ecommerce website. For the period ended February 28, 2019, the Company incurred $1,768,042 in advertising and promotion expenses as compared to $150,196 for the same period of the prior year. The increased spending was targeted at promoting our corporate identity after our IPO, the launch of our wellness product line of Urban Juve, and driving traffic to our new ecommerce website Urbanjuve.com. Such activities did not exist for the same period of the prior year.

Consulting Fees

We are an emerging business engages consultants regularly to obtain expertise in various business areas including but not limited to marketing, technology, finance and accounting. For the period ended February 28, 2019, we incurred consulting expenses of $928,821 as compared to $524,469 for the same period of the prior year. Consulting fees increased due to IPO activities and Urban Juve product launch efforts.

Depreciation

Depreciation is related to computer equipment, furniture and telephone equipment. For the period ended February 28, 2019, we incurred depreciation expenses of $9,157 as compared to $1,696 for the same period of the prior year. The increase in depreciation expenses was driven by expanded office and staffing.

Distribution Fees

Distribution fees were related to distribution rights to various plant-based product formulations from a third party for the Canadian market in December 30, 2017. We paid distribution fees of $30,000 as progressive payment stated in the contract during the period ended February 28, 2019 as compared to $50,000 for the same period of the prior year. Distribution fees required under this contract was concluded as at the period ended February 28, 2019.

Information Systems

We incurred expenses on Information Systems, primarily to establish its ERP system and its ecommerce website and related backend transaction processing and support systems, as well as supporting its consulting services provided to third parties. During the period ended February 28, 2019, we incurred expenses in information systems of $302,950 as compared to $nil the same period of the prior year.

Licensing Fees

For the period ended February 28, 2019, we did not incur licensing fees as compared to $223,753 for the same period of the prior year. Licensing fees for the prior year was related to a mobile payment y technology license which was fully amortized as the quarter ended February 28, 2019.

Office and Miscellaneous Expenses

Office and miscellaneous expenses include office supplies, telephone expenses, charitable donations, dues and subscriptions, employee health and dental insurance, and other miscellaneous expense. For the quarter ended February 28, 2019, we incurred office expenses of $130,083 as compared $21,069 for the same period of the prior year. The increase in office expenses was driven by expanded staffing and increased activities to support our initial public offering and the launch of Urban Juve products.

Product Samples

Product samples were related to Urban Juve's wellness products produced for testing and registration purposes. For the quarter ended February 28, 2019, we incurred product samples expense of $48,183 as compared to $1,000 for the same quarter of the prior year. We increased our sampling expenses as we launched our wellness product line of Urban Juve.

Professional Fees

Professional fees are primarily related to legal, accounting and audit services. For the period ended February 28, 2019, we incurred professional fees of $90,412 as compared to $20,672 for the same period of the prior year. The increase in professional fees was driven by our product launch and registration activities.

Rent

Rent expenses are related to our shared office located in Vancouver B.C., Canada. For the period ended February 28, 2019, we incurred rent expenses of $19,296 as compared to $4,500 for the same period of the prior year. The increase was driven by expanded office space usage to house increased office staff.

Product Testing

Product testing costs included Urban Juve product testing. For the period ended February 28, 2019, we incurred product testing costs of $3,035 as compared to $nil for the same period of the prior year.

Share-based Compensation

Share-based compensation is related to stock options granted to directors, officers, employees and consultants of the Company. For the period ended February 28, 2019, the Company incurred share-based compensation expense of $408,927 as compared to $1,316,148 for the same period of the prior year. The decrease in stock-based compensation expenses was driven by the vesting schedule of underlying stock options as certain options granted at the beginning of the Company's active business in 2017 and 2018 were fully vested during this period of the prior year.

Travel

For the quarter ended February 28, 2019, we incurred travel expenses of $53,013 as compared to $48,879 for the same period of the prior year, mostly related to business travel by the management and executive team.

Wages

We primarily utilized consulting arrangements with its personnel in conducting business and incurred limited wage costs. Wages expenses for the period ended February 28, 2019 was $309,243 as compared to $99,965 for the same period of the prior year. As we increase our activities in its licensing business and Urban Juve wellness products sales and distribution, wages and salary expense is expected to increase significantly.

Listing fees

During the period ended February 28, 2019, we incurred one-time listing fees of $138,668 as we were listed on the Canadian Security Exchange in December 2018.

(Loss) gain on sale of marketable securities

We disposed of its holding of Crop shares during the quarter ended February 28, 2019 and incurred loss of $238,985 as compared to gain of $71,412. On November 2, 2018, we exercised 1,250,000 warrants pursuant to a warrant incentive program undertaken by CROP and received an additional 1,250,000 warrants, which are exercisable at $0.50 per share until November 2, 2020.

Loss from investment in associate

On October 30, 2018, we entered into a Termination and Release Agreement with Loop, whereby its investment was reduced from 11,900,000 common shares to 1,500,000 common shares of Loop. As a result of the reduced share ownership, the investment in Loop was no longer considered an associate and was reclassified to marketable securities. During the period ended February 28, 2019, we did not have any investment in associate and did not have any gain or loss from such investments. We incurred a loss from investment in associate of $56,225 for the same period of the prior year for its investment in Loop.

Loss from settlement of accounts payable

We settled certain accounts payable with shares during the period ended February 28, 2019 and incurred a loss of $65,208. However, we consider it beneficial to settle debts with shares as it reserves cash resources to develop our business. We did not incur such expenses for the same period of the prior year.

Net Loss

We incurred a net loss of $3,789,780 for the three months ended February 28, 2019 as compared to $638,347 for the same period of the prior year. The increase in loss was primarily driven by a decrease in licensing revenue and costs related to advertising and promotions of our corporate profile and the Urban Juve brand. We also incurred increased consulting fees and cost of information technologies related to the launch our Urban Juve product line.

Realized Gain on Marketable Securities

During the period ended February 28, 2019, we disposed some of its holding of CROP shares from its licensing agreement, which resulted in a reclassification of a realized a loss of $222,483 from accumulated other comprehensive income. We did not incur such reclassification for the same period of the prior year.

Unrealized Gain (loss) on Marketable Securities

During the period ended February 28, 2019, the fair value of our investment in shares of Active Pay Distribution Inc. increased, resulting in an unrealized gain of $75,000 as compared to unrealized loss of $589,030 for the same period of the prior year which was derived from the Company's holding of Glance shares.

Comprehensive Loss

For the period ended February 28, 2019, the Company had a comprehensive loss of $3,492,297 as compared to $1,227,377 for the same period of the prior year.

Dividends

No dividends were declared or paid for the years ended November 30, 2018 and 2017.

SUMMARY OF QUARTERLY RESULTS

The following table summarizes the Company's quarterly results.

(in thousands of Canadian dollars, with the exception of loss per share)

	Quarters ended							
	Feb. 28, 2019	Nov. 30, 2018	Aug. 31, 2018	May 31, 2018	Feb. 28, 2018	Nov. 30, 2017	Aug. 31, 2017	May.31, 2017
Revenue	$ 801	$ 639	$ 417	$ 190	$ 1,809	$ -	$ -	$ -
Net loss	$ 3,790	$ 2,519	$ 3,737	$2,814	$ 638	$ 704	$ 398	$ 128
Basic loss per share	$ 0.04	$ 0.03	$ 0.05	$ 0.04	$ 0.02	$ 0.03	$ 0.02	$ 0.18
Diluted loss per share	$ 0.04	$ 0.03	$ 0.05	$ 0.04	$ 0.02	$ 0.03	$ 0.02	$ 0.18

LIQUIDITY

	February 28, 2019	November 30, 2018
Current ratio[1]	6.21	3.31
Cash	$ 3,707,096	$ 36,211
Working capital [2]	$ 5,588,391	$ 1,789,550
Debt[3]	$ 779	$ 59,554
Equity	$ 5,458,774	$ 1,329,204

(1) Current ratio is current assets divided by current liabilities.
(2) Working capital is current assets minus current liabilities
(3) Debt is defined as short-term loans and amounts due to related parties.

Cash Position

As at February 28, 2019, the Company had $3,707,096 of cash as compared to $36,211 at November 30, 2018. For the quarter ended February 28, 2019, cash used in operating activities was $3,041,759, consisting of operating expenditures during the year to support the Company's listing procedures and launch of it Urban Juve wellness product line, as compared to cash used in operating activities of $591,268 for the same period of the prior year which was driven by operating expenses and increase in due to related parties. Cash provided by investing activities was $336,911 for the period ended February 28, 2019, driven by proceeds from the sale of marketable securities and offset by the purchase of equipment, as compared to cash provided by investing activities of $76,079 for the same period of the prior year driven by the same. Cash provided by financing activities was $6,375,733 for the period ended February 28, 2019, which was primarily from proceeds received from the issuance of common shares through IPO and exercise of warrants options by investors as compared to $687,695 for the same period of the prior year, consisting of proceeds from the issuance of common shares through private placement.

Working Capital

The Company had working capital of $5,588,391 as at February 28, 2019 as compared to a working capital of $1,789,550 as at November 30, 2018. The increase in the working capital was primarily due to an increase in cash from IPO and accounts payable, offset by an increase in accounts receivable in inventory.

CAPITAL RESOURCES AND MANAGEMENT

As at February 28, 2019, the Company had cash of $3.7 million.

The Company is authorized to issue an unlimited number of common shares. As at February 28, 2019, there were 87,054,140 common shares issued and outstanding. The Company also had 30,402,976 share purchase warrants with weighted average exercise price of $0.99 and 11,043,500 stock options with weighted average exercise price of $0.34. The Company will be able to raise up to $7.21 million if all these in-the-money options and warrants are exercised

The Company's objective is to maintain a strong capital base to support the development of the business including the launch of Urban Juve's wellness product line of 70 products and multiple mobile apps, and through which to increase shareholder value. The management believes the Company can raise sufficient capital to attain these business targets.

OFF-BALANCE SHEET ARRANGEMENTS

As at February 28, 2019 and November 30, 2018, the Company had no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

During the three months ended February 28, 2019, and 2018, compensation of key management personnel and related parties were as follows:

	February 28, 2019	February 28, 2018
Consulting fees	$ 111,500	$ 434,600
Wages	106,120	24,000
Rent expense	–	4,500
Share-based compensation	201,043	1,014,822
	$ 418,663	$ 1,477,922

As at February 28, 2019, the Company was owed $209 (November 30, 2018 – owed $5,424) by the President and CEO of the Company as the remaining balance of an advance for business expenses, which is unsecured, non-interest bearing, and due on demand. The outstanding amount was fully paid subsequent to the quarter ended February 28, 2019.

As at February 28, 2019, the Company owed $nil (November 30, 2018 - $22,925) to a company controlled by the Chief Financial Officer of the Company, which is unsecured, non-interest bearing, and due on demand.

As at February 28, 2019, the Company owed $988 (November 30, 2018 - $580) to KP Capital Inc., a company controlled by a director of the Company, Krystal Pineo, which is unsecured, non-interest bearing, and due on demand.

During the three months ended February 28, 2019, the Company recognized revenue of $709,239 (2018 - $nil) from a company with common directors and officers and which the President and CEO of the Company is a significant shareholder. As at February 28, 2019, the Company was owed $134,766 (November 30, 2018 - $61,739) from the related company, which is included in accounts receivable, and the Company held a deposit of $10,000 (November 30, 2018 - $10,000) from the related company, which is included in deferred revenue.

As at February 28, 2019, the Company was owed $16,125 (November 30, 2018 - $nil) from a company whose CEO is the spouse of the President and CEO of the Company, and which the President and CEO of the Company is a significant shareholder, which is included in accounts receivable, and held a retainer of $6,525 (November 30, 2018 - $6,525) from the related company, which is included in deferred revenue. The outstanding amount was fully paid subsequent to the quarter ended February 28, 2019.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Significant areas requiring the use of estimates include the collectability of amounts receivable and loan receivable, the impairment of inventory, the useful life and carrying value of equipment, the carrying value of intangible assets, impairment of marketable securities, fair value of share-based compensation, and measurement of unrecognized deferred income tax assets.

Judgments made by management in the application of IFRS that have a significant effect on the condensed interim consolidated financial statements include the factors that are used in determining the application of the going concern assumption which requires management to consider all the available information about the future, which is at least but not limited to, 12 months from the year end of the reporting period.

Accounting Standards Issued but Not Yet Effective

Certain pronouncements have been issued by the IASB, or the IFRS Interpretations Committee that are mandatory for accounting years beginning on or after January 1, 2019, or later years.

New standard IFRS 16, “Leases”

The Company has not early adopted these revised standards and does not believe the adoption of these standards will have a material impact on the Company’s consolidated financial statements. Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or not expected to have a significant impact on the Company’s condensed interim consolidated financial statements.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company’s statement of financial position as at February 28, 2019, as follows:

The fair values of other financial instruments, including amounts receivables, accounts payable and accrued liabilities, and amounts due from and to related parties, approximate their carrying values due to the relatively short-term maturity of these instruments.

	Fair Value Measurements Using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservabl e inputs (Level 3)	Balance February 28, 2019
Cash	$ 3,707,096	$ –	$ –	$ 3,707,096
Marketable securities	1,480,000	251,309	–	1,731,309
Total assets	$ 5,187,096	$ 251,309	$ –	$ 5,438,405

Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counter-party default on its obligation. The Company minimizes its credit risk associated with its cash balance by dealing with major financial institutions in Canada. Amounts receivable is primarily comprised of GST receivable due from the Government of Canada. The carrying amount of financial assets represents the maximum credit exposure.

Foreign Exchange Rate and Interest Rate Risk

The Company is not exposed to any significant foreign exchange rate or interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company manages liquidity risk by maintaining sufficient cash balances and adjusting its operating budget and expenditure. Liquidity requirements are managed based on expected cash flows to ensure that there are sufficient funds to meet short-term and specific obligations.

Price Risk

The Company is exposed to price risk with respect to its marketable securities, which consists of common shares and warrants held in publicly-traded and privately held companies and profitability depend upon the market price or the fair value of the common shares for those companies. The market price or the fair value of the common shares of those companies can fluctuate significantly, and there is no assurance that the future market price or the fair value of those companies will not decrease significantly.

Commitments

On June 1, 2017, the Company entered into a consulting agreement with the President and CEO of the Company, whereby the Company agreed to pay a monthly salary of $5,000 per month. On February 21, 2019, the Company replaced the consulting agreement with an Executive Employment Agreement with the President and CEO of the Company, whereby the Company agreed to pay a base salary of $240,000 per year.

On September 2, 2017, the Company's wholly-owned subsidiary, Urban Juve, entered into an Asset Purchase and Distribution Agreement whereby Urban Juve was granted exclusive and international distribution rights to various plant and root-based products developed by a supplier. The term of the agreement is for twenty years and will be automatically renewed for twenty additional years unless terminated by the parties. As consideration for the distribution rights, the Company issued 3,600,000 common shares at $0.05 per share for fair value of $180,000, paid an initial payment of $6,000 on the effective date of the agreement, and paid a second payment of $30,000 upon completion of the initial public offering by the Company. Urban Juve will also pay a royalty fee of 10% of the net revenues from the sale of any products under the agreement.

On September 2, 2017, in conjunction with the Asset Purchase and Distribution Agreement, Urban Juve entered into a consulting agreement with the same supplier whereby the supplier would create new products specifically for Urban Juve and provide consulting services on an ongoing basis. The term of the agreement is two years and will be automatically renewed for one additional year unless terminated by the parties. In consideration for the consulting services, Urban Juve will pay consulting fees of $5,000 per month, which will increase to $10,000 per month upon Urban Juve achieving $40,000 in monthly net revenues on the sale of the products.

On October 10, 2017, Urban Juve entered into an agreement whereby Urban Juve would acquire certain ayurvedic and plant-based ingredients recipes along with any formulas, technology or intellectual property related to the recipes. As consideration for the assets, the Company issued 400,000 units with a fair value of $20,000. Also, in conjunction with the agreement, the vendor will provide employment services to Urban Juve as an employee of the Company. The vendor is set to receive cash bonuses of $20,000 and $100,000 upon the products generating $100,000 and $1,000,000 in net revenues, respectively.

On December 30, 2017, the Company's wholly-owned subsidiary, Urban Juve, entered into an Asset Purchase and Distribution Agreement whereby Urban Juve would be granted exclusive Canadian distribution rights to various plant and root-based products developed by a supplier. The term of the agreement is for twenty years and will be automatically renewed for twenty additional years unless terminated by the parties. As consideration for the distribution rights, the Company paid $50,000 on the effective date of the agreement. Urban Juve will also pay a royalty fee of 10% of the net revenues (as defined in the agreement) from the sale of any products under the agreement.

On December 19, 2018, the Company, through its subsidiary UJ Topicals Inc., entered into a Product Distribution Agreement and Master Services Agreement with Nova Paths LLC ("Nova Paths") to manufacture and distribute its THC and CBD infused line of topical products through the state of Oregon. Pursuant to the agreements, the Company granted Nova Paths a non-exclusive license to its brand and proprietary product formulations for pain balm, analgesic pain gel, a pain patch, massage oil, capsules, and other products ("UJ Topicals Line"). In addition, the Company appointed Nova Paths as its exclusive distributor for the UJ Topicals Line in Oregon. Under the terms of the agreements, Nova Paths will retain a fee of 25% of the wholesale revenues from sales of UJ Topicals Inc. and pay the balance of wholesale revenue, less certain expenses, to UJ Topicals Inc.

On January 3, 2019, the Company entered into a consulting agreement with Incanco Cannabis Consultants Co. Ltd. for a term of 2 years. In consideration for its services, the Company agreed to pay a signing bonus of 200,000 units, consisting of one common share and one warrant to purchase one common share at $0.34 per share for a period of 5 years. In addition, the Company agreed to pay milestone bonuses in the amount of $10,000 payable by 40,000 commons shares of the Company every 3 months after the date of the agreement for a period of 12 months.

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all material information related to the Company, including its consolidated subsidiaries, is made known to senior management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") on a timely basis so that appropriate decisions can be made regarding public disclosure.

Internal Control over Financial Reporting ("ICOFR")

The Company's management, with the participation of its CEO and CFO, are responsible for establishing and maintaining adequate internal control over financial reporting. Under the supervision of the CEO and CFO, the Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company's internal control over financial reporting includes policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS and that the Company's receipts and expenditures are made only in accordance with authorization of management and the Company's directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the annual or interim financial statements.

Limitations on the Effectiveness of Disclosure Controls and the Design of ICOFR

The Company's management, including the CEO and CFO, do not expect that the Company's disclosure controls and procedures and ICFR will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable assurance that the control system objectives will be met. The likelihood of achievement is affected by limitations inherent in all internal control systems. These inherent limitations include the realities that judgments or decision making can be faulty, and that breakdowns occur because of simple errors or mistakes. Controls can also be circumvented in numerous ways including collusion, overrides and deception. In addition to the inherent limitations, the design of a control system must reflect that there are resource constraints, and the expected benefit of controls must be considered relative to the expected costs. Due to inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected. Further, no evaluation of controls can provide absolute assurance that all control issues within a company will be detected.

SUBSEQUENT EVENTS

Subsequent to the three months ended February 28, 2019, the Company issued 425.000 common shares pursuant to the exercise of stock options for total proceeds of $117,500.

Subsequent to the three months ended February 28, 2019, the Company issued 400,000 common shares pursuant to the exercise of warrants for total proceeds of $200,000.

On March 19, 2019, the Company incorporated a wholly-owned subsidiary, Mad Wallaby Distribution Inc., in the State of California.