Management's Discussion and Analysis

The following discussion and analysis, prepared by management (the "**MD&A**"), reviews the Company's financial condition and results of operations for the period from incorporation on October 26, 2017 to November 30, 2017 and for the year ended November 30, 2018. This discussion provides management's analysis of the Company's historical financial and operating results and provides estimates of the Company's future financial and operating performance based on information that is currently available. This discussion contains forward-looking statements that involve certain risks and uncertainties. See also "*Forward-Looking Statements*" and "*Risk Factors*".

Overview

This MD&A is dated April 1, 2019 and presents the operations of the Company for the year ended November 30, 2018 as compared to the period from incorporation on October 26, 2017 and ended November 30, 2017. The following information should be read in conjunction with the Company's audited financial statements for the period from incorporation on October 26, 2017 to November 30, 2017 and for the year from December 1, 2017 to November 30, 2018, together with the notes thereto, prepared by management in accordance with International Financial Reporting Standards and expressed in Canadian Dollars. This MD&A has been prepared by management and reviewed by the audit committee of the board. For the purposes of preparing this MD&A, management, in conjunction with the Board, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) if it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity. All financial information in this MD&A has been prepared in accordance with IFRS and all dollar amounts are quoted in Canadian dollars, the reporting currency of the Company, unless specifically noted.

Cautionary Note Regarding Forward Looking Statements

Certain statements contained in the foregoing MD&A constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth below.

Description of Business

The Company's principal business activity will be the management of transportation and distribution services in the state of California which includes, but is not limited, to transportation and distribution of cannabis related products. The Company's head office is located at 820 – 1130 West Pender Street, Vancouver, British Columbia, V6E 4A4, Canada.

On October 23, 2017 TransCanna Management Inc ("TCMI") was incorporated in the State of California as a for profit entity. On November 15, 2017, the Company acquired a 100% ownership interest in TCMI. If needed, TCMI will borrow capital from the Company, as referenced in the revolving promissory note dated November 15, 2017 in the amount of up to One Million Dollars ($1,000,000) to purchase transportation equipment and fund operations. On November 15, 2017, TCMI entered into the Management Agreement with TCM Distribution Inc. (“TCMD”). TCMD was formed to transport and distribute medical marijuana.

On November 15, 2017, the Company entered into the License Agreement with Lifestyle Delivery Systems Inc. (“LDS”). LDS is the owner of the Track and Trace Intellectual Property necessary to comply with California’s Track & Trace regulations related to the growth and sale of cannabis and to interface with other software platforms. The Company paid LDS a royalty of USD $50,000(CAD $63,820) for a five (5) year, non-exclusive use of the Track and Trace Intellectual Property.

On December 5, 2017, TCMD, an affiliate of TransCanna, received from the City of Adelanto approval for a Medical Marijuana Transportation and Distribution Permit, being the CUP.

On March 29, 2018, GF Group Inc. (“GF”) was incorporated in the State of California as a for profit entity. On March 29, 2018 the Company acquired a 100% ownership interest in GF. If needed, GF will borrow capital from the Company, as referenced in the revolving promissory note dated May 2, 2018, in the amount of up to One Million Dollars ($1,000,000) to fund operations, GF will manage the branding contracts acquired by GF and marketing for the brands acquired.

On February 28, 2019, Dalvi LLC. (“Dalvi”) was incorporated in the State of California as a for profit entity. Dalvi was incorporated in order to hold the property that the Company is planning on purchasing.

Selected Annual Information

The following discussion of the Company’s financial performance is based on the consolidated interim financial statements for the year ended November 30, 2018, and for the period from October 26, 2017 (inception) to November 30, 2017, which were prepared in accordance with IFRS.

	Year ending November 30, 2018	**Period from October 26, 2017 (inception) to November 30, 2017**
Working capital	$ (531,575)	$ 89,821
Total assets	412,381	168,564
License	–	63,820
Total liabilities	664,829	14,923
Share capital and reserves	2,102,942	345,000
Deficit	(2,351,864)	(191,359)

Overall Performance

The statements of financial position as of November 30, 2018 indicated a cash position of $74,310 (November 30, 2017 – $80,600) and total current assets of $133,254 (November 30, 2017 – $104,744).

The long-term assets of the Company were represented by a deposit on the Assignment Agreement valued at $243,465 and equipment valued at $35,662.

At November 30, 2018, current liabilities totaled $664,829 (November 30, 2017 – $14,923) and included $276,170 in accounts payable and accrued liabilities (November 30, 2017 – $8,818), $138 in amounts due to related parties (November 30, 2017 – $6,105) and $388,521 in loans payable (November 30, 2017 - $nil).

At November 30, 2018, the Company had a working capital deficit of ($531,575) (November 30, 2017 – $89,821). Management's short-term plans are to fund the Company's day-to-day operations through equity or debt financing. Once the management of delivery operations commences, the Company believes it will be able to generate sufficient revenue to fund its day-to-day operations as well as its overhead costs.

Shareholders' equity was comprised of share capital of $1,803,241 (November 30, 2017 - $210,000), reserves of $280,951 (November 30, 2017 - $135,000), obligation to issue shares of $18,750 (November 30, 2017 - Nil), a deficit of $2,351,864 (November 30, 2017 - $191,359) and other comprehensive loss of $3,526 (November 30, 2017 – Nil) for a net shareholder deficit of ($252,448) (November 30, 2017 - $153,641 equity).

The weighted average number of common shares outstanding for the year ended November 30, 2018, was 10,510,207 (November 30, 2017 –197,000).

Comparison of Results of Operations

Net Loss

During the year ended November 30, 2018, the Company reported a net loss of $2,160,505 ($0.20 basic and diluted loss per share). The largest items that contributed to the Company's net loss during the year included research and development, management and legal fees, investor relations, consulting and advertising and promotion expenses.

During the period from October 26, 2017 (inception) to November 30, 2017, the Company reported a net loss of $191,359 ($0.97 basic and diluted loss per share). The loss during the period from October 26, 2017 (inception) to November 30, 2017, was mainly due to a non-cash charge for share-based compensation, legal fees, licensing fees and management fees.

Revenue

During the year ended November 30, 2018, the Company did not earn any revenue.

During the period from October 26, 2017 (inception) to November 30, 2017, the Company did not earn any revenue.

Operating Expenses

During the year ended November 30, 2018, the Company recorded operating expenses of $2,080,170. The largest factors contributing to operating expenses were research and development costs of $605,057, management fees of $323,205, investor relation fees of $111,691, legal fees of $185,768, consulting fees of $437,632 and advertising and promotion costs of $158,334.

During the period from October 26, 2017 (inception) to November 30, 2017, the Company recorded operating expenses of $191,359. The largest factors contributing to operating expenses were a non-cash charge for share-based compensation of $135,000, legal fees of $8,590, licensing fees of $8,975 and management fees of $19,500.

As the Company's current operations do not generate significant revenues, the Company will continue relying on equity and debt financing in order to meet its ongoing day-to-day operating requirements. There can be no assurance that financing, whether debt or equity, will be available to the Company in the amount required at any particular time, or, if available, that it can be obtained on terms satisfactory to the Company.

Summary of Quarterly Results

The following tables set forth selected financial information of the Company for the eight most recently completed quarters. This information is derived from unaudited quarterly financial statements and audited annual financial statements prepared by management in accordance with IFRS during fiscal 2017.

	November 30, 2018	August 31, 2018	May 31, 2018	February 28, 2018	November 30, 2017
Revenue net of Cost	$ –	$ –	$ –	$ –	$ –
Net Loss	$ 1,172,233	$ 522,507	$ 354,604	$ 111,161	$ 191,359
Loss per Share	$ 0.11	$ .04	$ .04	$ .01	$ .97
Total Assets	$ 412,243	$ 1,144,925	$ 1,403,622	$ 325,213	$ 168,564
Working Capital	($ 531,575)	($ 315,757)	$ 160,880	$ 27,544	$ 89,821

During the three months ended November 30, 2018, the Company did not record any revenue. Operating expenses totaled $1,172,233 and included management fees of $159,205 and consulting fees of $227,407. In addition, the Company paid $11,429 for investor relation activities and $36,419 for advertising and promotion.
During the period from October 26, 2017 (inception) to November 30, 2017, the Company did not record any revenue. Operating expenses totaled $191,359 and included share-based payments of $135,000, management fees of $19,500, legal fees of $8,590 and licensing fees of $8,975.

Share issuances

During the year ended November 30, 2018, the Company:

- Issued 2,160,000 common shares for proceeds of $216,000.
- Issued 360,000 common shares for proceeds of $90,000.
- Issued 1,400,000 units (the "$0.50 Unit") for proceeds of $700,000. Each $0.50 Unit consisted of one common share of the Company and one common share purchase warrant entitling the holder to purchase one additional common share at a price of $1.00 per share for a period ending on April 20, 2020. In connection with these units, the Company issued 125,000 finder's units on substantially the same terms as the $0.50 Units with the fair value of $85,246, of which $62,500 were recorded as fair value of shares issued.
- Issued 1,082,473 shares at a fair value of $0.50 per share to LDS as part payment for the Royalty Agreement to use the track and trace software for a fair value of $541,237 (Note 4).
- On August 9, 2018, the Company engaged a financial advisor to assist with financing. The advisor will be engaged for three months beginning in August and be paid 100,000 shares of the Company's common stock. In relation, the Company issued 100,000 shares at a fair value of $0.50 per share to the advisor as compensation for services, for a fair value of $50,000 recorded as consulting expense.
- On September 25, 2018, the Company engaged a marketing advisor to assist with marketing. The advisor will be engaged for two months beginning in September and be paid 25,000 shares of the Company's common stock. In relation, the Company issued 25,000 shares at a fair value of $0.50 per share to the advisor as compensation for services, for a fair value of $12,500 recorded as consulting expense.

- On October 3, 2018, the Company engaged a marketing advisor to assist with marketing. The advisor will be engaged for two months beginning in October and be paid 25,000 shares of the Company's common stock. In relation, the Company issued 12,500 shares at a fair value of $0.50 per share to the advisor as compensation for services in October for a fair value of $6,250 recorded as consulting expense. In addition, the Company recognized an obligation to issue shares for a further 12,500 shares with a fair value of $6,250 in obligation to issue shares, which were issued subsequently.
- On November 1, 2018, the Company engaged a marketing advisor. The advisor will be engaged for two months beginning in November and be paid 50,000 shares of the Company's common stock. The Company recognized an obligation to issue shares for 25,000 shares with a fair value of $12,500 in obligation to issue shares, which were issued subsequently.

Subsequent to the November 30, 2108 year end the following shares and units were issued:

- On January 1, 2019, 19,781 shares were issued to LDS in completion of the Royalty Agreement to use the track and trace software for a fair value of $9,890.

- On January 8, 2019, the Company completed its IPO. 4,400,000 units were issued at $0.50 per unit for total gross proceeds of $2,200,000. Each unit included one common share and one share purchase warrant. Each warrant is exercisable into one common share at an exercise price of $1.00 until January 8, 2021.

- In relation to with the IPO, the Company issued 308,400 units as brokers fees. Each unit consists of one share and one warrant exercisable at $1.00 per share until January 8, 2020.

- On January 31, 2019, the Company agreed to settle $110,000 due to Haywood Securities Inc. as an advisory fee in association with the Company's public offering through the issuance of 56,266 shares at a deemed price of $1.955 per share. The shares were issued on February 8, 2019.

- In January 965,700 warrants were exercised at $1.00 per warrant for 965,700 common shares.

- In January 277,000 Agent warrants were exercised at $0.50 per warrant for 277,000 common shares.

- During the month of February 269,250 warrants were exercised at $1.00 per warrant for 269,250 common shares. 56,266 agent warrants were exercised at $1.955 per warrant for 56,266 common shares.

- During the month of February 7,000 options were exercised at $0.50 per option for 7,000 common shares. This included 5,000 shares that were exercised by a related party.

- During the month of March 286,000 warrants were exercised at $1.00 per warrant for 276,000 common shares.

- During the month of March 100,000 options were exercised at $0.50 per option for 100,000 common shares. This included 25,000 shares that were exercised by a related party.

Options and warrants Issued

- In conjunction with the IPO brokers were also issued 352,000 warrants. Each warrant is exercisable at $0.50 per share until January 8, 2020.

- In January 1,150,000 options were issued to certain directors, employees and consultants. They are exercisable at $0.50 per option to purchase one common share of the Company until January 8, 2022.

- In January 219,000 options were issued exercisable at $1.37 per option to purchase one common share of the Company until January 20, 2022. This included 50,000 options issued to a related party.

Other contracts

- On January 2, 2019, the Company engaged Purple Crown Communications Corp. ("Purple Crown") of Vancouver, BC and an unrelated party, to act as an investor relations consultant to the Company. Purple Crown will assist TransCanna in broadening its shareholder base and creating effective communication tools for communications with shareholders and potential investors. Purple Crown will be paid $7,000 per month for a period of 12 months commencing in January 2019.

- On January 4, 2019, the Company engaged Woodman Capital Corporation, a British Columbia company and an unrelated party, to provide strategic advisory services. Woodman will be paid $5,000 per month for a period of 12 months commencing in January 2019.

- On January 8, 2019, the Company engaged Circadian Group Ltd., an Ontario company and an unrelated party, to provide public awareness services. Circadian will be paid $10,000 per month for a period of 6 months commencing in January 2019.

- On January 10, 2019, the Company engaged Nison Consulting LLC a New Jersey company and an unrelated party, to provide public relations, media relations, and consulting on cannabis industry trends to the Company. Nison will be paid $7,500 per month for a period of 6 months commencing in January 2019.

- On January 11, 2019, the Company engaged Loud Media and Awareness GmbH ("Loud"), a Salzburg, Austria company and an unrelated party, to act as an media consultant to the Company. Loud will provide TransCanna with advertising on social media and on premium ad networks for communications with the European public. Loud was paid 65,000 Euros for the period from January 25, 2019 through February 8, 2019.

  On February 21, 2019, the Company paid Loud Media and Awareness GmbH, a Salzburg, Austria company and an unrelated party, to act as an media consultant to the Company. Loud will provide TransCanna with advertising on social media and on premium ad networks for communications with the European public. Loud was paid 10,000 Euros for the period from February 18, 2019 through March 3, 2019.

- On January 14, 2019, the Company engaged Network News Wire ("NNW"), a New York company and an unrelated party, to act as a media consultant to the Company. NNW will assist TransCanna with public relations and communications.

- On January 15, 2019, the Company engaged bullVestor Medien GmbH ("bullVestor"), a St. Valentin, Austria company and an unrelated party, to act as a media consultant to the Company. bullVestor will provide digital advertising services to TransCanna for communications with the European public. bullVesor was paid 85,000 Euros for the period from January 25, 2019 through February 8, 2019.

On February 21, 2019, the Company paid bullVestor Medien GmbH, a St. Valentin, Austria company and an unrelated party, to act as a media consultant to the Company. bullVestor will provide digital advertising services to TransCanna for communications with the European public. bullVesor was paid 140,000 Euros for the period from February 20, 2019 through February 24, 2019.

- On January 22, 2019 the Company engaged Eperly & Elam LLP of San Francisco and an unrelated party as the Company's attorney in California. Eperly & Elam will advise the Company on matters relating to US and California cannabis laws and on property acquisition. Eperly Elam LLP is the mortgage broker for a property in Modesto, California (the "Modesto property") which the Company is considering purchasing. Should the property be purchased Eperly Elam will be paid a brokerage fee of 2.5% of the purchase price or approximately $375,000 US.
- On January 28, 2019, the Company entered into a non-bindng letter of intent with Goodfella Group, LLC ("Goodfellas") for the proposed acquisition by the Company of Goodfellas at an acquisition price intended to be equal to two times the twelve trailing months revenue of Goodfellas until the last full month prior to the acquisition of definitive agreements and to be based upon audited financial statements of Goodfellas. The acquisition price is intended to be paid 60% upon closing and 40% within 12 months thereafter. The initial portion of the acquisition price payable at closing will be paid 50% in cash and 50% through the issuance of the Company's common shares.

- On February 1, 2019, the Company engaged Stonebridge Partners LLC, an unrelated New York company, to provide oversight and execution to the Company in matters relating to the creation, management, strategy and optimization of or access to information and business processes. Stonebridge will be paid $7,500 US per month for a period of 6 months commencing in February 2019.

- On February 1, 2019 the Company signed an engagement letter with Haywood Securities Inc. to provide certain advice and advisory services to the Company. Haywood will provide advice to the Corporation on the financial aspects of any transactions that the corporation enters into and will help to develop a strategic rationale for any transactions. The Company will pay a fee of up to 2,000,000 common shares for these services.

- On February 1, 2019, the Company engaged Alan Applonie of Tracy, California, an unrelated party, to act as Senior Facility Operator at a proposed facility of the Company to be located in Modesto, California. Mr. Applonie will be paid a monthly fee of $10,000 US for his services.

- On February 20, 2019 the Company signed an engagement letter with Haywood Securities Inc. to act as lead agent on behalf of a syndicate of agents ("the Agents") to be formed, including Gravitas Securities Inc., to sell, by way of a private placement on a best efforts basis, up to five million units of the company at a price of $2 per unit for gross proceeds of up to $10 million, subject to receipt of all applicable regulatory approvals.

  Each unit will comprise one common share of the company and one-half of one common share purchase warrant. Each warrant will entitle the holder to acquire an additional share at a price of $3 for a period of 36 months from the date of closing of the offering.

The Agents will be paid a commission in an amount equal to 8.0% of the gross proceeds from the sale of the Units in cash ("Cash Fee"), or Units ("Units Fee"), or any combination thereof, at the election of the Co-Lead Agents. Each Unit Fee shall have the same terms as the Units. Subject to compliance with all required regulatory approvals, the Agents will receive non-transferable compensation options (the "Compensation Options") entitling the Agents to purchase, in the aggregate, that number of common shares of the Company equal to 8.0% of the aggregate number of Units sold. The Compensation Options shall have an exercise price per Compensation Option that is equal to the Issue Price, and have a term of 36 months from the Closing Date.

The Agents will also be paid a corporate finance fee of $250,000, of which 50% shall be payable in cash, and 50% payable in Units (the "Corporate Finance Fee Units"). Each Corporate Finance Fee Unit shall have a deemed price equal to the Issue Price.

- On February 11, 2019 the Company signed an agreement with Midam Ventures, LLC., an unrelated Florida company, to provide business advisory and consulting services for a period of three months. Midam will be paid a fee of $100,000 US.

- On February 12, 2019 the Company's affiliate TCM Distribution signed a letter of intent agreement to lease a 10,000 square foot facility in Adelanto, CA (the "Adelanto property") for 5 years, to be used for transportation and distribution of products. The lease is contingent on and will commence upon the completion of construction of the facility. The lease payments will be $22,500 US per month and there are 5 successive five year options to extend the lease.

- On February 15, 2019 the Company signed an agreement with ROK Marketing Inc., an unrelated Georgia company, to provide advisory services, investor communications and financial and investor public relations for a period of one month. ROK is entitled to a fee of $150,000 US and 25,000 restricted common shares.

- On February 19, 2019 the Company signed a contract with Blue Sun Productions Inc., a British Columbia company and an unrelated party, for advertising spaces on BNN Bloomberg Broadcast and BNN Bloomberg Stock Ticker. Blue Sun will be paid a fee of $9,900.

- On February 26, 2019, the Company engaged TSM Talk Shop Media Inc., an unrelated British Columbia company, to provide North American Media Relations to the Company TSM Talk Shop Media will be paid $10,500 per month for a period of 6 months commencing in March 2019.

- On February 28, 2019 the Company incorporated a subsidiary, Dalvi LLC in California to hold the Modesto property.

- On March 13, 2019 the Company signed an agreement with Cool Swang as compensation for variances on the purchase of the Modesto property. The company will pay Cool Swang 500,000 common shares for this variance.

- On March 21, 2009 the Company signed a promissory not with the vendors of the Modesto property for $6,750,000 US. Interest will be calculated beginning April 15, 2019 or escrow closing date, if earlier, at a rate of 7% per annum. On October 15, 2019 or six months after escrow closing date, whichever is later, the Company will pay the entire unpaid principal of $6,750,000 US and any accrued interest due and payable.

Liquidity and Capital Resources

As at November 30, 2018, the Company had $74,310 in cash and cash equivalents, with negative working capital of $531,575. The Company's share capital was $1,803,241 representing 12,164,974 common shares issued, obligation to issue shares of $18,750 and reserves of $280,951. As at November 30, 2018, the Company had accumulated a deficit of $2,351,864 and other comprehensive loss of $3,526.

As at November 30, 2017, the Company had $80,600 in cash and cash equivalents, with the working capital of $89,821. The Company's share capital was $210,000 representing 6,900,000 common shares issued. As at November 30, 2017, the Company had accumulated a deficit of $191,359.

The Company is dependent on the equity markets and lending markets as its sources of operating capital.

Until the Company is able to create revenue from the main business activities, the Company will have to continue to rely on equity and debt financing. There can be no assurance that financing, whether debt or equity, will be available to the Company in the amount required at any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to the Company.

Contractual Obligations

A summary of the Company`s contractual obligations at November 30, 2018, is detailed in the table below.

	Payments Due by Period				
	Total	**Less than 1 Year**	**1 – 3 Years**	**4 – 5 Years**	**After 5 Years**
Accounts Payable	$ 181,221	$ 181,221	n/a	n/a	n/a
Accrued Liabilities	94,949	94,949	n/a	n/a	n/a
Loans Payable	388,521	388,521	n/a	n/a	n/a
Amounts due to Related Parties	138	138	n/a	n/a	n/a
Total	$664,829	$664,829	n/a	n/a	n/a

A summary of the Company`s contractual obligations at November 30, 2017, is detailed in the table below.

	Payments Due by Period				
	Total	**Less than 1 Year**	**1 – 3 Years**	**4 – 5 Years**	**After 5 Years**
Accounts Payable	$ 8,818	$ 8,818	n/a	n/a	n/a
Accrued Liabilities	–	–	n/a	n/a	n/a
Amounts due to Related Parties	6,105	6,105	n/a	n/a	n/a
Total	**14,923**	**14,923**	n/a	n/a	n/a

Management believes that the Company will be able to generate sufficient cash to meet its current obligations for the next twelve months by raising funds through equity markets and from the commencement of operations.

Off Balance Sheet Arrangements

To the best of management's knowledge, there are no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company.

Related Party Transactions

		November 30, 2018	November 30, 2017
Management fees	a)	$ 323,205	$ 19,500
Accounting and administration fees	b)	$ 72,000	$ 6,363

a) During the year ended November 30, 2018, $323,205 was paid or accrued to James Pakulis, the CEO and director of the Company, in management fees. Effective November 1, 2017, the Company entered into the Consulting Agreement with Mr. Pakulis for an initial term ending March 31, 2021 for $19,000 CDN per month. The consulting fees were decreased to $12,000 per month effective August 1, 2018. As compensation for this reduction, Mr. Pakulis was awarded 750,000 share purchase warrants exercisable at $0.50 to be exercisable on achieving certain sales targets. The warrants are exercisable until January 8, 2022. 250,000 warrants can be exercised on achieving $1,000,000 in sales; a further 250,000 warrants can be exercised on achieving $2,000,000 in sales; and the final 250,000 warrants can be exercised on achieving $3,000,000 in sales.

During the year ended November 30, 2018, $123,205 was recognized in management fees in relation the performance warrants issued to Mr. Pakulis as referenced above.

b) During the year ended November 30, 2018, the Company incurred $72,000 in accounting and consulting fees paid or accrued to Da Costa Management Corp., a company controlled by a director of the Company. Effective March 12 2019, Da Costa Management was no longer related to the Company due to the resignation as director of Mr. da Costa.

c) LDS was paid USD $50,000 (CAD $63,820) as a one-time payment for the software license. On May 2, 2018, the Company issued 1,028,077 common shares to LDS, on June 5, 2018 LDS was issued a further 54,396 common shares and on January 8, 2019 LDS was issued a final 19,781 common shares, in fulfillment of the Company's obligations pursuant to the License Agreement.

Related Party Receivable (Payables):

	November 30, 2018	November 30, 2017
James Pakulis	$ 47,145	$ (5,946)
Da Costa Management Co.	(138)	(159)
Total receivable from related parties	**$ 47,007**	**$ (6,105)**

Significant Accounting Policies and Critical Accounting Estimates

All significant accounting policies and critical accounting estimates are fully disclosed in Note 3 of the audited consolidated financial statements for the period from October 26, 2017 (inception) to November 30, 2017 and the audited consolidated financial statements for the year ended November 30, 2018.

Financial Instruments

Fair Values

The Company's financial instruments consist of cash, accounts payable and accrued liabilities and due to related parties. The fair values of these financial instruments approximate their carrying values because of their current nature.

The following table summarizes the carrying values of the Company's financial instruments:

	November 30, 2018	November 30, 2017
Fair value through profit or loss (i)	$ 74,310	$ 80,600
Loans and receivables (ii)	47,145	–
Other financial liabilities (iii)	664,829	14,923

(i) Cash
(ii) Due from related parties
(iii) Accounts payable and accrued liabilities and amounts due to related parties

The Company classifies its fair value measurements in accordance with the three-level fair value hierarchy as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices), and

Level 3 – Inputs that are not based on observable market date

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy as follows:

Assets	Level 1	Level 2	Level 3	Total
Cash	$ 74,310	-	-	$ 74,310

The Company's financial instruments are exposed to a number of financial and market risks, including credit, liquidity, interest rate and currency risks. The Company may, or may not, establish from time to time active policies to manage these risks. The Company does not currently have in place any active hedging or derivative trading policies to manage these risks since the Company's management does not believe that the current size, scale and pattern of its operations would warrant such hedging activities.

Credit risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure.

Interest rate risk

Interest rate risk is the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's operating cash flows are substantially independent of changes in market interest rates. The Company has not used any financial instruments to hedge potential fluctuations in interest rates. The exposure to interest rate risk for the Company is considered minimal. The Company has no interest-bearing borrowings as of the date of this MD&A.
The Company considers its interest rate risk policies to be effective and has followed them consistently.

Price Risk

The Company is not exposed to commodity price risk as its current business operations do not depend on fluctuations in the market price of commodities.

Outstanding Share Data

As of the date of this report, the Company had the following securities issued and outstanding:

Type	Amount	Exercise Price	Expiry Date
Common shares[1]	18,916,870	n/a	Issued and outstanding
Options	1,043,000	$0.50	January 8, 2022
Options	219,000	$1.37	January 20, 2022
Warrants	660,000	$1.00	April 20, 2020
Warrants	215,000	$1.00	May 1, 2020
Warrants	440,000	$1.00	May 28, 2020
Warrants	110,000	$1.00	June 4, 2020
Warrants	750,000	$0.50	January 9, 2022
Warrants	2,999,050	$1.00	January 8, 2020
Warrants	308,400	$1.00	January 8, 2020
Warrants	75,000	$1.00	January 8, 2020
	25,736,320		Total shares outstanding (fully diluted)

(1) *Authorized: Unlimited common shares without par value.*

Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published and are fully disclosed in Note 3 of the audited consolidated financial statements for the period from October 26, 2017 (inception) to November 30, 2017 and in the audited consolidated financial statements for the year ended November 30, 2018. Management is assessing the impact of these new standards on the Company's accounting policies and financial statement presentation.

Risks and Uncertainties

The following are certain risk factors relating to the business carried out by the Company which prospective investors should carefully consider before deciding whether to purchase the Company's securities. The risks presented below may not be all of the risks that the Company may face. The Company will face a number of challenges in the development of its business. Due to the nature of the Company's business and present stage of the business, the Company may be subject to significant risks. Sometimes new risks emerge and management may not be able to predict all of them, or be able to predict how they may cause actual results to be different from those contained in any forward-looking statements. Readers should not rely upon forward-looking statements as a prediction of future results. Readers should carefully consider all such risks, including those set out in the discussion below.

Additional Financing

The continued development of the Company will require additional financing. There is no guarantee that the Company will be able to achieve its business objectives. The Company intends to fund its future business activities by way of additional offerings of equity and/or debt financing as well as through anticipated positive cash flow from operations in the future. The failure to raise or procure such additional funds or the failure to achieve positive cash flow could result in the delay or indefinite postponement of current business objectives. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, will be on terms acceptable to the Company. If additional funds are raised by offering equity securities, existing shareholders could suffer significant dilution. Any debt financing secured in the future could involve the granting of security against assets of the Company and also contain restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions. The Company will require additional financing to fund its operations until positive cash flow is achieved. See "*Risk Factors – Negative Cash Flow from Operations*".

Volatility of Stock Markets

Securities markets have a high level of price and volume volatility, and the market price of securities of many companies has experienced substantial volatility in the past. This volatility may affect the ability of holders of Shares to sell their securities at an advantageous price. Market price fluctuations in the Shares may be due to the Company's operating results failing to meet expectations of securities analysts or investors in any period, downward revision in securities analysts' estimates, adverse changes in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by the Company or its competitors, along with a variety of additional factors. These broad market fluctuations may adversely affect the market price of the Shares.

Financial markets historically at times experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Shares may decline even if the Company's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted and the trading price of the Shares may be materially adversely affected.

It may be difficult, if not impossible, for U.S. holders of the Company's securities to resell them

It has recently come to management's attention that all major securities clearing firms in the U.S. have ceased participating in transactions related to securities of Canadian public companies involved in the medical marijuana industry. This appears to be due to the fact that marijuana continues to be listed as a controlled substance under U.S. federal law, with the result that marijuana-related practices or activities, including the cultivation, possession or distribution of marijuana, are illegal under U.S. federal law. However, management understands that the action by U.S. securities clearing firms also extends to securities of companies that carry on business operations entirely outside the U.S. Accordingly, U.S. residents who acquire the Units as "restricted securities" (including any Warrant Shares pursuant to the exercise of Warrants) may find it difficult – if not impossible – to resell such securities over the facilities of any Canadian stock exchange on which the shares may then be listed. It remains unclear what impact, if any, this and any future actions among market participants in the U.S. will have on the ability of U.S. residents to resell any securities of the Company that they may acquire in open market transactions.

Risk Factors Related to Dilution

The Company may issue additional securities in the future, which may dilute a shareholder's holdings in the Company. The Company's articles permit the issuance of an unlimited number of Shares. The Company's shareholders do not have pre-emptive rights in connection with any future issuances of securities by the Company. The directors of the Company have discretion to determine the price and the terms of further issuances. Moreover, additional Shares will be issued by the Company on the exercise of options under the Stock Option Plan and upon the exercise of outstanding warrants.

It is likely that the Company will enter into more agreements to issue Shares and warrants and options to purchase Shares. The impact of the issuance of a significant amount of Shares from these warrant and option exercises could place downward pressure on the market price of the Shares.

Enforcement of Judgments Against Certain Persons and Foreign Subsidiaries

The Company's President and Chief Executive Officer, James Pakulis, who is also a director and Juan Flores, a director, reside outside of Canada. In addition, most of the Company's assets, as well as its subsidiaries, being TCMI and GF, are located outside of Canada or organized pursuant to the law of a jurisdiction other than Canada. Although each of Mr. Pakulis, Mr. Flores and TCHI and GF have appointed S. Paul Simpson Law Corporation at 2080-777 Hornby Street, Vancouver, British Columbia, V6Z 1S4 as their agent for service of process in Canada, it may not be possible for investors to enforce judgements obtained in Canada against Mr. Pakulis, Mr. Flores, TCHI or GF.

There is some doubt as to the enforceability in the United States by a court in original actions, or in actions to enforce judgments of Canadian courts, of civil liabilities predicated upon such applicable Canadian provincial securities laws or otherwise. A court in the United States may refuse to hear a claim based on a violation of Canadian provincial securities laws or otherwise on the grounds that such jurisdiction is not the most appropriate forum to bring such a claim. Even if a court in the United States agrees to hear a claim, it may determine that the local law in the United States, and not Canadian law, is applicable to the claim. If Canadian law is found to be applicable, the content of applicable Canadian law must be proven as a fact, which can be a time consuming and costly process. Certain matters of procedure will also be governed by foreign law in such circumstances.

Ability of Company to Continue as a Going Concern

The Company is in the development stage and is currently seeking additional capital to develop its operations in the cannabis industry and grow its revenue. The Company's ability to continue as a going concern is dependent upon its ability in the future to grow its revenue and achieve profitable operations and, in the meantime, to obtain the necessary financing to meet its obligations and repay its liabilities when they become due. External financing, predominantly by the issuance of equity and debt, will be sought to finance the operations of the Company; however, there can be no certainty that such funds will be available at terms acceptable to the Company. These conditions indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

Negative Cash Flow from Operations

During the period ended November 30, 2018, the Company had negative cash flows from operating activities. Although the Company anticipates it will have positive cash flow from operating activities in future periods, to the extent that the Company has negative cash flow in any future period, certain of the net proceeds from the Offering may be used to fund such negative cash flow from operating activities.

Dividends

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

Any decision to declare and pay dividends in the future will be made at the discretion of the Company's board of directors and will depend on, among other things, financial results, cash requirements, contractual restrictions and other factors that the Company's board of directors may deem relevant. As a result, investors may not receive any return on an investment in the Units unless they sell their shares of the Company for a price greater than that which such investors paid for them.

Risks Related to the Business of the Company

Risks Specifically Related to the United States Regulatory System

The Company operates in a new industry which is highly regulated, highly competitive and evolving rapidly. As such, new risks may emerge, and management may not be able to predict all such risks or be able to predict how such risks may result in actual results differing from the results contained in any forward-looking statements.

The Company's subsidiaries incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions of operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company. Further, the Company may be subject to a variety of claims and lawsuits. Adverse outcomes in some or all of these claims may result in significant monetary damages or injunctive relief that could adversely affect its ability to conduct business. The litigation and other claims are subject to inherent uncertainties and management's view of these matters may change in the future. A material adverse impact on our financial statements also could occur for the period in which the effect of an unfavorable final outcome becomes probable and reasonably estimable.

The Company is expected to continue to derive all or substantially all of its revenues from the cannabis industry in certain states of the United States, which industry is illegal under United States federal law. While the Company's business activities are compliant with applicable state and local law, such activities remain illegal under United States federal law. The Company is involved in the cannabis industry in the United States where local and state laws permit such activities or provide limited defenses to criminal prosecutions.

Currently, the Company is indirectly and directly engaged in the possession, distribution and sale of cannabis and cannabis-related products in the medical cannabis marketplace in the United States. The Company plans to operate in the recreational cannabis marketplace in the future. The enforcement of relevant laws is a significant risk.

Thirty-three of the states in the United States have enacted comprehensive legislation to regulate the sale and use of medical cannabis. Notwithstanding the permissive regulatory environment of medical cannabis at the state level, cannabis continues to be categorized as a Schedule 1 controlled substance under the CSA. As such, cannabis-related practices or activities, including without limitation, the cultivation, manufacture, importation, possession, use or distribution of cannabis, are illegal under United States federal law. Strict compliance with state laws with respect to cannabis will neither absolve the Company of liability under United States federal law, nor will it provide a defense to any federal proceeding which may be brought against the Company. Any such proceedings brought against the Company may adversely affect the Company's operations and financial performance.

Because of the conflicting views between state legislatures and the federal government of the United States regarding cannabis, investments in cannabis businesses in the United States are subject to inconsistent legislation, regulation, and enforcement. Unless and until the United States Congress amends the CSA with respect to cannabis or the Drug Enforcement Agency reschedules or de-schedules cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a risk that federal authorities may enforce current federal law, which would adversely affect the current and future investments of the Company in the United States. As a result of the tension between state and federal law, there are a number of risks associated with the Company's existing and future investments in the United States.

For the reasons set forth above, the Company's existing interests in the United States cannabis market may become the subject of heightened scrutiny by regulators, stock exchanges, clearing agencies and other authorities in Canada. It has been reported by certain publications in Canada that the Canadian Depository for Securities Limited may implement policies that would see its subsidiary, CDS Clearing and Depository Services Inc. ("CDS"), refuse to settle trades for cannabis issuers that have investments in the United States. CDS is Canada's central securities depository, clearing and settlement hub settling trades in the Canadian equity, fixed income and money markets. The TMX Group, the owner and operator of CDS, subsequently issued a statement on August 17, 2017 reaffirming that there is no CDS ban on the clearing of securities of issuers with cannabis-related activities in the United States, despite media reports to the contrary and that the TMX Group was working with regulators to arrive at a solution that will clarify this matter, which would be communicated at a later time.

On February 8, 2018, following discussions with the Canadian Securities Administrators and recognized Canadian securities exchanges, the TMX Group announced the signing of a Memorandum of Understanding ("TMX MOU") with Aequitas NEO Exchange Inc., the CSE, the Toronto Stock Exchange, and the TSX Venture Exchange. The TMX MOU outlines the parties' understanding of Canada's regulatory framework applicable to the rules, procedures, and regulatory oversight of the exchanges and CDS as it relates to issuers with cannabis-related activities in the United States. The TMX MOU confirms, with respect to the clearing of listed securities, that CDS relies on the exchanges to review the conduct of listed issuers. As a result, there is no CDS ban on the clearing of securities of issuers with cannabis-related activities in the United States. However, there can be no guarantee that this approach to regulation will continue in the future. If such a ban were to be implemented, it would have a material adverse effect on the ability of holders of Shares to make and settle trades. In particular, the Shares would become highly illiquid as until an alternative was implemented, investors would have no ability to effect a trade of the Common Shares through the facilities of a stock exchange.

Further, on January 4, 2018, then U.S. Attorney General Jeff Sessions formally rescinded the standing U.S. Department of Justice federal policy guidance governing enforcement of marijuana laws, as set forth in a series of memos and guidance from 2009-2014, principally the Cole Memorandum. The Cole Memorandum generally directed U.S. Attorneys not to enforce the federal marijuana laws against actors who are compliant with state laws, provided enumerated enforcement priorities were not implicated. The rescission of this memo and other Obama-era prosecutorial guidance did not create a change in federal law as the Cole Memorandums were never legally binding; however, the revocation removed the DOJ's guidance to U.S. Attorneys that state-regulated cannabis industries substantively in compliance with the Cole Memorandum's guidelines should not be a prosecutorial priority. The federal government of the United States has always reserved the right to enforce federal law regarding the sale and disbursement of medical or recreational marijuana, even if state law sanctioned such sale and disbursement. Although the rescission of the above memorandums does not necessarily indicate that marijuana industry prosecutions are now affirmatively a priority for the DOJ, there can be no assurance that the federal government will not enforce such laws in the future.

Additionally, there can be no assurance that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. It is also important to note that local and city ordinances may strictly limit and/or restrict the distribution of cannabis in a manner that could make it extremely difficult or impossible to transact business in the cannabis industry. If the federal government begins to enforce federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing state laws are repealed or curtailed, the Company's business would be materially and adversely affected. Federal actions against any individual or entity engaged in the marijuana industry or a substantial repeal of marijuana related legislation could adversely affect the Company and its business.

In light of the political and regulatory uncertainty surrounding the treatment of U.S. cannabis-related activities, including the rescission of the Cole Memorandum discussed above, on February 8, 2018 the Canadian Securities Administrators published a staff notice (Staff Notice 51-352) setting out their disclosure expectations for specific risks facing issuers with cannabis-related activities in the United States. Staff Notice 51-352 confirms that a disclosure-based approach remains appropriate for issuers with U.S. cannabis-related activities. Staff Notice 51-352 includes additional disclosure expectations that apply to all issuers with U.S. cannabis-related activities, including those with direct and indirect involvement in the cultivation and distribution of cannabis, as well as issuers that provide goods and services to third parties involved in the U.S. cannabis industry. The Company views this staff notice favourably, as it provides increased transparency and greater certainty regarding the views of its exchange and its regulator of existing operations and strategic business plan as well as the Company’s ability to pursue further investment and opportunities in the United States.

The Company’s funding of its subsidiaries through loans, royalties or other forms of investment, may be illegal under the applicable federal laws of the United States and other applicable law. There can be no assurances the federal government of the United States or other jurisdictions will not seek to enforce the applicable laws against the Company. The consequences of such enforcement would be materially adverse to the Company and the Company’s business and could result in the forfeiture or seizure of all or substantially all of the Company’s assets.

The concepts of “medical cannabis” and “retail cannabis” do not exist under United States federal law because the U.S. Controlled Substances Act classifies “marijuana” as a Schedule I drug. Under United States federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of accepted safety for the use of the drug under medical supervision. As such, cannabis-related practices or activities, including without limitation, the manufacture, importation, possession, use or distribution of cannabis remain illegal under United States federal law. Although the Company’s activities are compliant with applicable United States state and local law, strict compliance with state and local laws with respect to cannabis may neither absolve the Company of liability under United States federal law, nor may it provide a defense to any federal proceeding which may be brought against the Company. Any such proceedings brought against the Company may adversely affect the Company’s operations and financial performance.

Violations of any United States federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the United States federal government or private citizens, or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities or divestiture. This could have a material adverse effect on the Company, including its reputation and ability to conduct business, the listing of its securities on various stock exchanges, its financial position, operating results, profitability or liquidity or the market price of its publicly traded shares. In addition, it is difficult for the Company to estimate the time or resources that would be needed for the investigation of any such matters or its final resolution because, in part, the time and resources that may be needed are dependent on the nature and extent of any information requested by the applicable authorities involved, and such time or resources could be substantial.

There is still uncertainty surrounding the Trump Administration and its influence and policies in opposition to the cannabis industry as a whole.

Many factors could cause the Company's actual results, performances and achievements to differ materially from those expressed or implied by the disclosure herein, including, without limitation, the following factors which should be reviewed in detail by all readers:

- The Company's subsidiaries are operating in the United States, where cannabis is federally illegal;

- The activities of the Company are subject to evolving regulation that is subject to changes by governmental authorities;

- Third parties with which the Company does business, including banks and other financial intermediaries, may perceive that they are exposed to legal and reputational risk because of the Company's cannabis business activities;

- The Company's ability to repatriate returns generated from investments in the U.S. may be limited by anti-money laundering laws;

- Federal prohibitions result in marijuana businesses being potentially restricted from accessing the U.S. federal banking system, and the Company and its subsidiaries may have difficulty depositing funds in federally insured and licensed banking institutions. This may lead to further related issues, such as the potential that a bank will freeze the Company's accounts and risks associated with uninsured deposit accounts. There is no certainty that Company will be able to maintain its existing accounts or obtain new accounts in the future; and

- Although the TMX MOU confirms that there is currently no CDS ban on the clearing of securities of issuers with cannabis-related activities in the United States, there can be no guarantee that this approach to regulation will continue in the future.

Risks Concerning Application of Anti-Money Laundering Legislation

The Company is subject to a variety of laws and regulations domestically and in the United States that involve money laundering, financial recordkeeping and proceeds of crime, including the U.S. Currency and Foreign Transactions Reporting Act of 1970 (commonly known as the Bank Secrecy Act), as amended by Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act), the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada), as amended and the rules and regulations thereunder, and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the United States and Canada. Further, under U.S. federal law, banks or other financial institutions that provide a cannabis business with a checking account, debit or credit card, small business loan, or any other service could be found guilty of money laundering, aiding and abetting, or conspiracy.

Despite these laws, FinCEN issued a memorandum on February 14, 2014 outlining the pathways for financial institutions to bank marijuana businesses in compliance with federal enforcement priorities (the "FinCEN Memorandum").The FinCEN Memorandum states that in some circumstances, it is permissible for banks to provide services to cannabis-related businesses without risking prosecution for violation of federal money laundering laws. It refers to supplementary guidance that Deputy Attorney General Cole issued to federal prosecutors relating to the prosecution of money laundering offenses predicated on cannabis-related violations of the United States Controlled Substances Act on the same day (the "2014 Cole Memo"). The 2014

Cole Memo has been rescinded as of January 4, 2018, along with the Cole Memorandum, removing guidance that enforcement of applicable financial crimes was not a DOJ priority.

Former Attorney General Sessions' revocation of the Cole Memorandum and the 2014 Cole Memo has not affected the status of the FinCEN Memorandum, nor has the Department of the Treasury given any indication that it intends to rescind the FinCEN Memorandum itself. Though it was originally intended for the 2014 Cole Memo and the FinCEN Memorandum to work in tandem, the FinCEN Memorandum appears to remain in effect as a standalone document which explicitly lists the eight enforcement priorities originally cited in the rescinded Cole Memorandum. Although the FinCEN Memorandum remains intact, indicating that the Department of the Treasury and FinCEN intend to continue abiding by its guidance, it is unclear whether the current administration will continue to follow the guidelines of the FinCEN Memorandum.

The Company's business, and any proceeds thereof, are considered proceeds of crime due to the fact that cannabis remains illegal federally in the United States. This restricts the ability of the Company to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada. Furthermore, while the Company has no current intention to declare or pay dividends on its shares in the foreseeable future, the Company may decide or be required to suspend declaring or paying dividends without advance notice and for an indefinite period of time.

Risk of Heightened Scrutiny by Regulatory Authorities in Canada

For the reasons set forth above, the Company's existing operations in the United States, and any future operations, may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada. As a result, the Company may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Company's ability to invest in the United. States or any other jurisdiction, in addition to those described herein.

Although the TMX MOU has confirmed that there is currently no CDS ban on the clearing of securities of issuers with cannabis-related activities in the United States, there can be no guarantee that this approach to regulation will continue in the future. If such a ban were to be implemented, it would have a material adverse effect on the ability of holders of Shares to make and settle trades. In particular, the Shares would become highly illiquid as until an alternative was implemented, investors would have no ability to effect a trade of the Shares through the facilities of a stock exchange.

Government policy changes or public opinion may also result in a significant influence over the regulation of the cannabis industry in Canada, the United States or elsewhere. A negative shift in the public's perception of medical cannabis in the United States or any other applicable jurisdiction could affect future legislation or regulation. Among other things, such a shift could cause state jurisdictions to abandon initiatives or proposals to legalize medical cannabis, thereby limiting the number of new state jurisdictions into which the Company could expand. Any inability to fully implement the Company's expansion strategy may have a material adverse effect on the Company's business, financial condition and results of operations.

Unlike in Canada which has federal legislation uniformly governing the cultivation, distribution, sale and possession of medical cannabis under the Access to Cannabis for Medical Purposes Regulations, investors are cautioned that in the United States, cannabis is largely regulated at the state level. To the Company's knowledge, there are to date a total of 46 states, plus the District of

Columbia, that have legalized cannabis in some form. Notwithstanding the permissive regulatory environment of medical cannabis at the state level, cannabis continues to be categorized as a controlled substance under the CSA in the United States and as such, may be in violation of federal law in the United States.

As previously stated, the United States Congress has passed appropriations bills (currently the "Leahy Amendment") each of the last four years to prevent the federal government from using congressionally appropriated funds to enforce federal marijuana laws against regulated medical marijuana actors operating in compliance with state and local law. The 2018 Consolidated Appropriations Act was passed by Congress on March 23, 2018 and included the re-authorization of the Leahy Amendment. It will continue in effect until September 30, 2018. American courts have construed these appropriations bills to prevent the federal government from prosecuting individuals when those individuals comply with state medical cannabis laws. However, because this conduct continues to violate federal law, American courts have observed that should Congress at any time choose to appropriate funds to fully prosecute the CSA, any individual or business—even those that have fully complied with state law—could be prosecuted for violations of federal law. If Congress restores funding, for example by declining to include the Leahy Amendment in the 2019 budget resolution, or by failing to pass necessary budget legislation and causing another government shutdown, the government will have the authority to prosecute individuals for violations of the law before it lacked funding under the five-year statute of limitations applicable to non-capital CSA violations. Additionally, it is important to note that the appropriations protections only apply to medical cannabis operations and provide no protection against businesses operating in compliance with a state's recreational cannabis laws.

As previously stated, violations of any federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the federal government or private citizens, or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities or divestiture. This could have a material adverse effect on the Company, including its reputation and ability to conduct business, the listing of its securities on various stock exchanges, its financial position, operating results, profitability or liquidity or the market price of its publicly traded shares. In addition, it is difficult for the Company to estimate the time or resources that would be needed for the investigation of any such matters or its final resolution because, in part, the time and resources that may be needed are dependent on the nature and extent of any information requested by the applicable authorities involved, and such time or resources could be substantial.

The approach to the enforcement of cannabis laws may be subject to change or may not proceed as previously outlined.

Prohibitions in California on 'for profit' activities of the Company

Until the implementation of MAUCRSA earlier last year, it was illegal under California law to engage in any "for profit" activities relating to the purchase and sale of cannabis and to sell, distribute or purchase cannabis for any reason other than certain medical uses. Despite the implementation of MAUCRSA, many municipalities still prohibit such 'for profit' activities. Such limitations often result in inefficiencies in operations and use of resources and could hinder, or otherwise prevent, the growth of the Company's business and of a commercially viable cannabis industry in California.

While the Company intends that one or more of its subsidiaries will be service-providers, and the Company does not consider such services as restricted from being “for profit” activities, there is no assurance that this structure will be respected by applicable governmental authorities. In the event that this structure is not respected, the Company may be prohibited from engaging in “for profit” activities in certain jurisdictions.

California has legalized the sale of cannabis for medical use outside of cooperatives or collectives for both medical and adult-use and as a for-profit business activity, and MAUCRSA provides a one-year grace period for cooperatives and collectives. The permanent regulations governing the operation of cannabis-related businesses have not been promulgated. Accordingly, there is no way to currently anticipate what the legal climate surrounding the Company’s anticipated business plan will be at any point in the future and there is no assurance that the Company will operate profitably or generate revenues or profits that will permit the payment of dividends.

The Company is regularly monitoring changes to applicable law and will timely respond to ensure that it remains compliant in all circumstances.

Change in Laws, Regulations and Guidelines

The Company’s current and proposed operations are subject to a variety of laws, regulations and guidelines, including, but not limited to, those relating to the manufacture, management, transportation, storage and disposal of cannabis, as well as laws and regulations relating to health and safety (including those for consumable products), the conduct of operations and the protection of the environment. These laws and regulations are broad in scope and subject to evolving interpretations. If any changes to such laws, regulations and guidelines occur, which are matters beyond the control of the Company, the Company may incur significant costs in complying with such changes or it may be unable to comply therewith, which in turn may result in a material adverse effect on the Company’s business, financial condition and results of operation. In addition, violations of these laws, or allegations of such violations, could disrupt certain aspects of the Company’s business plan and result in a material adverse effect on certain aspects of its planned operations.

Changes in regulations, more vigorous enforcement thereof, the imposition of restrictions on the Company’s ability to operate in the U.S. as a result of the federally illegal nature of cannabis in the U.S. or other unanticipated events could require extensive changes to the Company’s operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

Permits and Authorizations

There is no assurance that the Company will obtain and retain any relevant licenses, including the Permits. If obtained, the Permits will be subject to ongoing compliance and reporting requirements. Failure by the Company to comply with the requirements of the Permits or any failure to maintain the Permits would have a material adverse impact on the business, financial condition and operating results of the Company. The failure of the Company to receive the Permits could, among other things, delay or prevent the Company from becoming profitable.

Enforceability of Contracts

Because the Company’s contracts involve cannabis and other activities that are not legal under U.S. federal law and in some jurisdictions, the Company may face difficulties in enforcing its contracts in U.S. federal and certain state courts.

Unfavourable Publicity or Consumer Perception

The regulated cannabis industry in the United States and Canada is at an early stage of its development. The Company believes the medical and recreational cannabis industry is highly dependent on consumer perception regarding the safety and efficacy of recreational and medical cannabis. Consumer perceptions regarding legality, morality, consumption, safety, efficacy and quality of cannabis are mixed and evolving. Consumer perception can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for cannabis and on the business, results of operations, financial condition and cash flows of the Company. Further, adverse publicity reports or other media attention regarding cannabis in general, or associating the consumption of cannabis with illness or other negative effects or events, could have such a material adverse effect on the business of the Company. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products legally, appropriately or as directed.

Public opinion and support for medical and recreational cannabis use has traditionally been inconsistent and varies from jurisdiction to jurisdiction. Legalization of medical and recreational cannabis remains a controversial issue subject to differing opinions surrounding the level of legalization (for example, legalization of medical marijuana as opposed to legalization in general).

Limited Operating History

The Company and its subsidiaries were only recently incorporated and have no history of significant operations which makes it difficult for investors to evaluate the Company's operations and prospects and may increase the risks associated with an investment into the Company.

The Company has not generated profits or revenues in the periods covered by its financial statements included herein, and, as a result, has only a very limited operating history upon which its business and future prospects may be evaluated. Although the Company expects to generate some revenues from its operations in the future, the Company is expected to remain subject to many of the risks common to early-stage enterprises for the foreseeable future, including challenges related to laws, regulations, licensing, integrating and retaining qualified employees; making effective use of limited resources; achieving market acceptance of existing and future solutions; competing against companies with greater financial and technical resources; acquiring and retaining customers; and developing new solutions. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

Costs Relating to Development of Operations

The Company expects to incur significant ongoing costs and obligations related to its investment in infrastructure, including the Distribution Facility, and growth and for regulatory compliance, which could have a material adverse impact on the Company's results of operations, financial condition and cash flows. In addition, future changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company. The Company's efforts to grow its business may be costlier than expected. The Company may incur significant losses in the future for a number of reasons, including the other risks described in this prospectus, and unforeseen expenses, difficulties, complications and delays, and other unknown events. If the Company is unable to achieve and sustain profitability, the market price of the Shares may significantly decrease.

There are factors which may prevent the Company from the realization of growth targets. The Company is currently in the expansion from early development stage. The Company's growth strategy contemplates building the Distribution Facility and seeking additional distribution facility space. There is a risk that these additional resources will not be achieved on time, on budget, or at all, as they can be adversely affected by a variety of factors, including some that are discussed elsewhere in these "*Risk Factors*" and the following:

- delays in obtaining, or conditions imposed by, regulatory approvals;
- facility design errors;
- environmental pollution; non-performance by third party contractors; increases in materials or labour costs;
- construction performance falling below expected levels of output or efficiency;
- breakdown, aging or failure of equipment or processes;
- contractor or operator errors;
- operational inefficiencies;
- labour disputes, disruptions or declines in productivity; inability to attract sufficient numbers of qualified workers; disruption in the supply of energy and utilities; and
- major incidents and/or catastrophic events such as fires, explosions or storms.

Competition

The Company competes with other companies for financing and business opportunities in the cannabis industry. Some of these companies may possess greater financial resources than the Company. Such competition may result in the Company being unable to enter into desirable strategic agreements or similar transactions, to recruit or retain qualified employees or to acquire the capital necessary to fund its operations. Existing or future competition in the cannabis industry, including, without limitation, the entry of large multinational entities into the industry, could materially adversely affect the Company's prospects for entering into additional agreements in the future.

There is potential that the Company will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and experience than the Company. Increased competition by larger and better financed competitors, including competitors to the Company's investments, could materially and adversely affect the business, financial condition and results of operations of the Company.

Banking

Since the production and possession of cannabis is currently illegal under U.S. federal law, it is possible that banks may refuse to open bank accounts for the deposit of funds from businesses involved with the cannabis industry. The inability to open bank accounts with certain institutions could materially and adversely affect the business of the Company.

Currency Fluctuations

The Company's revenues and expenses are expected to be primarily denominated in U.S. dollars, and therefore may be exposed to significant currency exchange fluctuations. Recent events in the global financial markets have been coupled with increased volatility in the currency markets. Fluctuations in the exchange rate between the U.S. dollar and the Canadian dollar may have a material adverse effect on the Company's business, financial condition and operating results.

Reliance on Management

The success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management. While employment agreements or management agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Qualified individuals are in high demand, and the Company may incur significant costs to attract and retain them. In addition, the Company's lean management structure may be strained as the Company pursues growth opportunities in the future. The loss of the services of such individuals or an inability to attract other suitably qualified persons when needed, could have a material adverse effect on the Company's ability to execute on its business plan and strategy, and the Company may be unable to find adequate replacements on a timely basis, or at all.

The Company's future success depends substantially on the continued services of its executive officers, its key research and development personnel and its key growth and extraction personnel. If one or more of its executive officers or key personnel were unable or unwilling to continue in their present positions, the Company might not be able to replace them easily or at all. In addition, if any of its executive officers or key employees joins a competitor or forms a competing company, the Company may lose know-how, key professionals and staff members. These executive officers and key employees could compete with and take customers away.

Illegal or Fraudulent Activities of Employees

The Company is exposed to the risk that its employees, independent contractors and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities to the Company that violates: (i) government regulations; (ii) distribution standards; or (iii) laws that require the true, complete and accurate reporting of financial information or data. It is not always possible for the Company to identify and deter misconduct by its employees and other third parties, and the precautions taken by the Company to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Company from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against the Company, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on its business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of the Company's operations, any of which could have a material adverse effect on the Company's business, financial condition and results of operations

Insurance Coverage

The Company does not currently have full insurance coverage. Additionally, because the Company operates within the cannabis industry, there are additional difficulties and complexities associated with insurance coverage. The Company intends that it and its subsidiaries will obtain insurance coverage with respect to workers' compensation, general liability, directors' and officers' insurance, fire and other similar policies customarily obtained for businesses to the extent commercially appropriate; however, because the Company is engaged in and operates within the cannabis industry, there are likely to be exclusions and additional difficulties and complexities associated with any such insurance coverage that could cause the Company to suffer uninsured losses, which could adversely affect the Company's business, results of operations, and profitability. There is no assurance that the Company will be able to fully utilize such insurance coverage, if necessary. Until such time as the Company obtains insurance coverage, it faces exposure to all forms of losses relating to liabilities, worker's compensation, fire and other general liabilities.

Operational Risks

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

Cybersecurity Risks

The Company has entered into agreements with third parties for the licensing of certain software in connection with its operations. The Company's operations depend, in part, on how well it and its suppliers protect networks, equipment, IT systems and software against damage from a number of threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism and theft. The Company's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact the Company's reputation and results of operations.

The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access is a priority. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

Holding Company

The Company is a holding company and essentially all of its assets are the capital stock of its material subsidiaries. As a result, investors in the Company are subject to the risks attributable to its subsidiaries. Consequently, the Company's cash flows and ability to complete current or desirable future enhancement opportunities are dependent on the earnings of its subsidiaries and investments and the distribution of those earnings to Company. The ability of these entities to pay dividends and other distributions will depend on their operating results and will be subject to applicable laws and regulations which require that solvency and capital standards be maintained by such companies and contractual restrictions contained in the instruments governing their debt. In the event of a bankruptcy, liquidation or reorganization of any of the Company's material subsidiaries, holders of indebtedness and trade creditors may be entitled to payment of their claims from the assets of those subsidiaries before the Company.

Conflicts of Interest

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

Contingencies

There are no contingent liabilities.