

## FORM 5

### QUARTERLY LISTING STATEMENT

Name of Listed Issuer: [HEMP FOR HEALTH INC.](#) (the "Issuer").

Trading Symbol: [HFH](#)

This Quarterly Listing Statement must be posted on or before the day on which the Issuer's unaudited interim financial statements are to be filed under the *Securities Act*, or, if no interim statements are required to be filed for the quarter, within 60 days of the end of the Issuer's first, second and third fiscal quarters. This statement is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the Exchange Policies. If material information became known and was reported during the preceding quarter to which this statement relates, management is encouraged to also make reference in this statement to the material information, the news release date and the posting date on the Exchange website.

#### **General Instructions**

- (a) Prepare this Quarterly Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Listed Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

There are three schedules which must be attached to this report as follows:

#### **SCHEDULE A: FINANCIAL STATEMENTS**

Financial statements are required as follows:

For the first, second and third financial quarters interim financial statements prepared in accordance with the requirements under Ontario securities law must be attached.

[SEE ATTACHED FINANCIAL STATEMENTS AND MD&A FOR THE PERIOD ENDED OCTOBER 31, 2019](#)

If the Issuer is exempt from filing certain interim financial statements, give the date of the exempting order. [N/A](#)

## **SCHEDULE B: SUPPLEMENTARY INFORMATION**

The supplementary information set out below must be provided when not included in Schedule A.

### **1. Related party transactions**

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

[SEE ATTACHED FINANCIAL STATEMENTS AND MD&A FOR THE PERIOD ENDED OCTOBER 31, 2019.](#)

- (a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.
- (b) A description of the transaction(s), including those for which no amount has been recorded.
- (c) The recorded amount of the transactions classified by financial statement category.
- (d) The amounts due to or from Related Persons and the terms and conditions relating thereto.
- (e) Contractual obligations with Related Persons, separate from other contractual obligations.
- (f) Contingencies involving Related Persons, separate from other contingencies.

### **2. Summary of securities issued and options granted during the period.**

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

- (a) summary of securities issued during the period,

Date of Issue	Type of Security (common shares, convertible debentures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number	Price	Total Proceeds	Type of Consideration (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid
N/A	N/A	N/A	NIL	NIL	NIL	N/A	N/A	N/A

(b) summary of options granted during the period,

Date	Number	Name of Optionee if Related Person and relationship	Generic description of other Optionees	Exercise Price	Expiry Date	Market Price on date of Grant
N/A						

### 3. Summary of securities as at the end of the reporting period.

Provide the following information in tabular format as at the end of the reporting period:

[SEE ATTACHED FINANCIAL STATEMENTS AND MD&A FOR THE PERIOD ENDED OCTOBER 31, 2019.](#)

- (a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,
- (b) number and recorded value for shares issued and outstanding,
- (c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and
- (d) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

4. List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.

SEE ATTACHED FINANCIAL STATEMENTS AND MD&A FOR THE PERIOD ENDED OCTOBER 31, 2019

## SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

Provide Interim MD&A if required by applicable securities legislation.

### Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated DECEMBER 23, 2019.

GARY V. ARCA

Name of Director or Senior Officer

"Gary Arca"

Signature

CFO & CORPORATE SECRETARY

Official Capacity

<b>Issuer Details</b> Name of Issuer  <b>HEMP FOR HEALTH INC.</b>		For Quarter ended  <b>October 31, 2019</b>	Date of Report  <b>2019/12/23</b>
Issuer Address  <b>Suite 750, 580 Hornby Street</b>			
City/Province/Postal Code  <b>Vancouver, BC V6C 3B6</b>		Issuer Fax No.  <b>(604)602-4936</b>	Issuer Telephone No.  <b>(604)602-4935</b>
Contact Name  <b>Gary Arca</b>		Contact Position  <b>Corporate Secretary &amp; CFO</b>	Contact Telephone No.  <b>(604)602-4935</b>
Contact Email Address <b>gary@hempforhealth.eu</b>		Web Site Address <b>www.hempforhealth.eu</b>	

**Hemp for Health Inc.**

**Condensed Interim Consolidated Financial Statements**

**For the six months ended October 31, 2019**

**HEMP FOR HEALTH INC.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
(Stated in Canadian Dollars)

<b>As at</b>	<b>October 31, 2019</b>	<b>April 30, 2019</b>
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 462,183	\$ 1,551,062
Short-term investments (note 3)	401,995	-
Taxes receivable (note 4)	188,721	13,954
Crop cost advances (note 4)	-	388,527
Prepaid expenses and advances	224,871	218,950
<b>Total Current Assets</b>	<b>1,277,770</b>	<b>2,172,493</b>
<b>Non-Current assets</b>		
Fixed assets	8,758	-
<b>Total Assets</b>	<b>\$ 1,286,528</b>	<b>\$ 2,172,493</b>
<b>Liabilities</b>		
<b>Current</b>		
Trade and Other Payables	\$ 70,074	\$ 31,277
<b>Equity</b>		
Share capital (note 5)	\$ 2,539,900	\$ 2,310,660
Special warrants (note 5)	78,400	-
Reserves (note 5)	72,140	67,140
Accumulated deficit	(1,473,986)	(236,584)
<b>Total Equity</b>	<b>1,216,454</b>	<b>2,141,216</b>
<b>Total Liabilities and Equity</b>	<b>\$ 1,286,528</b>	<b>\$ 2,172,493</b>

Basis of preparation and going concern (note 2)  
Subsequent events (notes 3 and 5)

APPROVED ON BEHALF OF THE DIRECTORS:

“Robert Eadie”  
Robert Eadie, Director

“Gary Arca”  
Gary Arca, Director

The accompanying notes form an integral part of these consolidated financial statements

**HEMP FOR HEALTH INC.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND**  
**COMPREHENSIVE LOSS**  
(Stated in Canadian Dollars)

	For the three months ended October 31,		For the six months ended October 31,	
	2019	2018	2019	2018
<b>Expenses:</b>				
Audit and consulting fees (note 9)	\$ 55,271	\$ -	\$ 122,691	\$ -
Foreign exchange loss (gain)	(4,197)	-	16,056	-
Legal and corporate services (note 9)	78,541	-	78,541	-
Marketing	13,879	-	20,422	-
Office, rent and administration (note 9)	30,949	-	59,973	-
Research and development (note 4)	377,389	-	795,507	-
Shareholder communication	269	-	4,154	-
Transfer agent and filing fees	11,100	-	24,934	-
Travel and accommodations	47,041	-	124,444	-
<b>Total expenses</b>	<b>610,242</b>	<b>-</b>	<b>1,246,722</b>	<b>-</b>
<b>Other income:</b>				
Interest earned	(3,175)	-	(9,320)	-
<b>Total loss and comprehensive loss for the period</b>	<b>\$ (607,067)</b>	<b>\$ -</b>	<b>\$ (1,237,402)</b>	<b>\$ -</b>
<b>Basic and diluted loss per share for the period</b>	<b>\$ (0.03)</b>	<b>\$ -</b>	<b>\$ (0.06)</b>	<b>\$ -</b>
<b>Weighted average shares outstanding – basic and diluted - Note 6</b>	<b>19,670,001</b>	<b>-</b>	<b>19,630,544</b>	<b>-</b>

The accompanying notes form an integral part of these unaudited condensed interim consolidated financial statements



**HEMP FOR HEALTH INC.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Stated in Canadian Dollars)

<b>For the six months ended October 31,</b>	<b>2019</b>	<b>2018</b>
<b>Cash provided by</b>		
<b>Operating activities</b>		
Loss for the period	\$ (1,237,402)	\$ -
Items not involving cash:		
Amortization	461	-
Interest earned	(1,995)	-
Research and development expense	388,527	-
Cash generated by operating activities before working capital changes	(850,409)	-
Change in non-cash working capital items		
Amounts receivable	(174,767)	-
Prepaid expenses and advances	(5,921)	-
Trade and other payables	38,797	-
<b>Cash outflow for operating activities</b>	<b>(992,300)</b>	<b>-</b>
<b>Financing activities</b>		
Share issuance	242,000	-
Share issuance costs	(7,760)	-
Share subscription received	78,400	-
<b>Cash inflow for financing activities</b>	<b>312,640</b>	<b>-</b>
<b>Investing activities</b>		
Purchase of short-term investments	(400,000)	-
Purchase of fixed assets	(9,219)	-
<b>Cash outflows for investing activities</b>	<b>(409,219)</b>	<b>-</b>
<b>Total decrease in cash</b>	<b>(1,088,879)</b>	<b>-</b>
<b>Cash, beginning of period</b>	<b>1,551,062</b>	<b>-</b>
<b>Cash, end of period</b>	<b>\$ 462,183</b>	<b>\$ -</b>

The accompanying notes form an integral part of these unaudited condensed interim consolidated financial statements

**HEMP FOR HEALTH INC.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
(Stated in Canadian Dollars)

	<b>Number of Shares Outstanding</b>	<b>Share Capital</b>	<b>Special Warrants</b>	<b>Reserves</b>	<b>Accumulated Deficit</b>	<b>Total equity</b>
Balance – October 1, 2018	1	\$ -	\$ -	\$ -	\$ -	\$ -
Balance – October 31, 2018	1	-	-	-	-	-
Common shares issued pursuant to:						
- Private placement of \$0.01	1,500,000	15,000	-	-	-	15,000
- Issued as fees at \$0.01	1,500,000	15,000	-	-	-	15,000
- Private placement of \$0.05	3,900,000	195,000	-	-	-	195,000
- Private placement of \$0.10	100,000	10,000	-	-	-	10,000
- Private placement of \$0.20	11,460,000	2,292,000	-	-	-	2,292,000
Share issuance costs	-	(216,340)	-	67,140	-	(149,200)
Loss for the year	-	-	-	-	(236,584)	(236,584)
Balance – April 30, 2019	18,460,001	2,310,660	-	67,140	(236,584)	2,141,216
Common shares issued pursuant to:						
- Private placement of \$0.20	1,210,000	242,000	-	-	-	242,000
Share issuance costs	-	(12,760)	-	5,000	-	(7,760)
Share subscription	-	-	78,400	-	-	78,400
Loss for the period	-	-	-	-	(1,237,402)	(1,237,402)
<b>Balance – October 31, 2019</b>	<b>19,670,001</b>	<b>\$ 2,539,900</b>	<b>\$ 78,400</b>	<b>\$ 72,140</b>	<b>\$ (1,473,986)</b>	<b>\$ 1,216,454</b>

The accompanying notes form an integral part of these unaudited condensed interim consolidated financial statements

**HEMP FOR HEALTH INC.**  
NOTES TO THE CONSENSUED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
For the six months ended October 31, 2019 and 2018  
(Stated in Canadian Dollars)

**Note 1**      **Corporate Information**

Hemp for Health Inc. (the “Company”) was incorporated on October 1, 2018 under the *Business Corporations Act* of British Columbia as 1181427 B.C. Ltd, and then Euro Grow Ltd. on October 3, 2018. It did not commence operations until November 2, 2018. The Company changed its name again to Hemp for Health Inc. on May 3, 2019. The Company is in the business of growing, processing, packaging and selling cannabidiol and related hemp based products in Italy. The Company set up a wholly-owned Italian subsidiary, Hemp For Health H4H s.r.l. (“H4Hsrl”) that operates the business interests in Italy.

The registered address of the Company’s corporate office and principal place of business is 750 – 580 Hornby Street, Vancouver, British Columbia, Canada.

**Note 2**      **Basis of Preparation and Going Concern**

a) Statement of Compliance

These unaudited condensed interim consolidated financial statements for the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). These unaudited condensed interim consolidated financial statements, for the period ended October 31, 2018, have been prepared in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting, and do not include all the information required for full annual financial statement.

These unaudited condensed interim consolidated financial statements should be read in conjunction with the Company’s April 30, 2019 audited annual financial statements.

The financial statements were authorized for issue by the Board of Directors on December 19, 2019.

b) Basis of Measurement and Going Concern

The unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis, except biological assets, which are measured at fair value, as explained in the Company’s accounting policies discussed in note 3 of the Company’s April 30, 2019 audited annual financial statements.

The preparation of condensed interim consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgement in applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4 of the Company’s April 30, 2019 audited annual financial statements.

## **HEMP FOR HEALTH INC.**

Notes to the Condensed Interim Consolidated Financial Statements

October 31, 2019

(Stated in Canadian Dollars) - Page 2

### **Note 2      Basis of Preparation and Going Concern – (cont'd)**

#### b) Basis of Measurement and Going Concern – (cont'd)

The Company has not generated revenue from operations. The Company incurred a loss of \$1,237,402 during the period ended October 31, 2019. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. While the Company has been successful in obtaining the necessary financing through the issuance of common shares in the past, there is no assurance it will be able to raise funds in this manner in the future. As at October 31, 2019, the Company had \$462,183 in cash, \$401,995 in short-term investments, working capital of \$1,207,696 and no long-term debt.

These financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of operations, and at amounts different from those in the accompanying consolidated financial statements.

#### c) Basis of Consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its subsidiary, which is controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from the entity's activities. Subsidiaries are included in the consolidated financial results of the Company from the effective date of acquisition up to the effective date of disposal or loss of control. The Company's wholly-owned subsidiary, H4Hsrl, carries out its operations in Italy. All intra-group transactions, balances, income and expenses are eliminated, in full, on consolidation.

The condensed interim consolidated financial statements are presented in Canadian dollars ("CDN"), which is the functional currency of the Company.

### **Note 3      Short-term investments**

At October 31, 2019, the Company held a Guaranteed Investment Certificate ("GIC") denominated in Canadian Dollars with a market value of \$401,995 (April 30, 2019 - \$Nil), earning interest income at 2% per annum and maturing on July 30, 2020. Subsequent to the period ending October 31, 2019, \$100,000 was redeemed.

These GIC's are cashable at the Company's option and are considered to be highly liquid. The Company's short-term investments are held in one financial institution and as such as the Company is exposed to the risks of only that financial institution.

## **HEMP FOR HEALTH INC.**

Notes to the Condensed Interim Consolidated Financial Statements

October 31, 2019

(Stated in Canadian Dollars) - Page 3

### **Note 4 Crop advances & Research and development**

During the year ended April 30, 2019, the Company engaged certain independent farmers and members of a farming co-operative in Tuscany, Italy to plant up to 100 hectares of hemp on behalf of the Company on a test basis using seeds provided by the Company.

In accordance with the terms of agreements, during the year ended April 30, 2019, the Company advanced 256,200 Euros, including VAT tax, for a total of \$388,527, to be applied against costs for the hemp planting. The co-operative agreement provides for an exclusive use of the co-operative for 5 years with a 5 year renewable term. The Company has agreed to a payment of up to 10,000 Euros per hectare planted under the co-operative agreement in the first year and market value in subsequent years.

During the period ending October 31, 2019, the above advance was spent on planting of crops and was expensed as research and development for the period ended October 31, 2019, along with seed costs and additional advances to farmers and the farming co-operative in the period of \$377,389, for a total of \$795,507 net of VAT taxes receivable.

### **Note 5 Share capital and Equity reserve**

#### a) Common share issuances

The Company is authorized to issue an unlimited number of no par value common shares, issuable in series. The holders of common shares are entitled to one vote per share at meetings of the Company and to receive dividends, which may be declared from time-to-time. To date, equity financings have provided the main source of financing.

No dividends have been declared by the Company since its inception. All shares are ranked equally with regard to the Company's residual net assets.

During the period ended October 31, 2019, the Company issued the following shares:

- On May 6, 2019, the Company closed a second tranche of the financing and issued 1,210,000 units priced at \$0.20 per unit, for gross proceeds of \$242,000. Each unit consists of one common share of the Company and one-half of one share purchase warrant for 605,000 whole warrants, with each warrant entitling the holder thereof to acquire an additional common share of the Company for a period of two years at a price of \$0.30 per share.

The fair value of the shares was equal to the proceeds raised in the private placement and as a result, no amount was allocated as the fair value of the warrants. Cash payments totalling \$7,760 and 38,800 finder's warrants, with the same terms and conditions as the unit warrants, were paid as finders' fees. Share issue costs include \$5,000 calculated as the fair value of the finder's warrants. The fair value of finder's warrants was determined using the Black-Scholes model with the following assumptions:

**HEMP FOR HEALTH INC.**

Notes to the Condensed Interim Consolidated Financial Statements

October 31, 2019

(Stated in Canadian Dollars) - Page 4

**Note 5      Share capital and Equity reserve – (cont'd)**a) Common share issuances – (cont'd)

Stock price	\$0.20
Exercise price	\$0.30
Dividend rate	0%
Expected life	2 Years
Expected annual volatility	125.00%
Risk-free rate	2.14%

- In July and September, 2019, the Company issued 392,000 special warrants priced at \$0.20 per special warrant, for gross proceeds of \$78,400. Each special warrant is convertible into one unit consisting of one common share of the Company and one-half of one share purchase warrant for 196,000 whole warrants, with each warrant entitling the holder thereof to acquire an additional common share of the Company for a period of two years at a price of \$0.30 per share. Subsequent to the period ending October 31, 2019, the special warrants converted to units of common shares and share purchase warrants as the Company obtained a receipt to the final prospectus qualifying the issuance of the units. The fair value of the shares was equal to the proceeds raised in the private placement and as a result, no amount was allocated as the fair value of the warrants. No finders' fees were paid.

During the year ended April 30, 2019, the Company:

- Completed a private placement in November, 2018, for aggregate proceeds of \$15,000 through the issuance of 1,500,000 shares at \$0.01 per share.
- Issued 1,500,000 shares at a value of \$0.01 per share for fees relating to farm crops and consulting services.
- Completed private placements in December, 2018, issuing 3,900,000 shares at a price of \$0.05 per share for proceeds of \$195,000 and through the issuance of 100,000 shares at a price of \$0.10 per share for proceeds of \$10,000.
- Closed the first tranche of a private placement on April 26, 2019, issuing 11,460,000 units priced at \$0.20 per unit, for gross proceeds of \$2,292,000. Each unit consists of one common share of the Company and one-half of one share purchase warrant for 5,730,000 whole warrants, with each whole warrant entitling the holder thereof to acquire an additional common share of the Company for a period of two years at a price of \$0.30 per share.

The fair value of the shares was equal to the proceeds raised in the private placement and as a result, no amount was allocated as the fair value of the warrants. Cash payments totalling \$149,200 and 746,000 finder's warrants, with the same terms and conditions as the unit warrants, were paid as finders' fees. Share issue costs include \$67,140 calculated as the fair value of the finder's warrants.

**HEMP FOR HEALTH INC.**

Notes to the Condensed Interim Consolidated Financial Statements

October 31, 2019

(Stated in Canadian Dollars) - Page 5

**Note 5      Share capital and Equity reserve – (cont'd)**a) Common share issuances – (cont'd)

The fair value of finder's warrants was determined using the Black-Scholes model with the following assumptions:

Stock price	\$0.20
Exercise price	\$0.30
Dividend rate	0%
Expected life	2 Years
Expected annual volatility	100.00%
Risk-free rate	2.14%

b) Warrants

A summary of the Company's outstanding share purchase warrants at October 31, 2019, April 30, 2019 and October 31, 2018 is presented below:

	Number of warrants	Weighted average exercise price
Balance October 31, 2018	-	\$ -
Warrants issued	6,476,000	0.30
Balance, April 30, 2019	6,476,000	0.30
Warrants issued	643,800	0.30
<b>Outstanding at October 31, 2019</b>	<b>7,119,800</b>	<b>\$ 0.30</b>

A summary of the Company's outstanding share purchase warrants is presented below:

Number of Warrants	Exercise Price	Expiry Date
6,476,000	\$0.30	April 26, 2021
643,800	\$0.30	May 6, 2021
7,119,800	\$0.30	

In addition, as explained above, the Company issued 392,000 special warrants convertible into one unit consisting of one common share of the Company and one-half of one share purchase warrant for 196,000 whole warrants, with each warrant entitling the holder thereof to acquire an additional common share of the Company for a period of two years at a price of \$0.30 per share. Subsequent to the period ending October 31, 2019, the special warrants converted to units of common shares and share purchase warrants.

**HEMP FOR HEALTH INC.**

Notes to the Condensed Interim Consolidated Financial Statements

October 31, 2019

(Stated in Canadian Dollars) - Page 6

**Note 5**      **Share capital and Equity reserve – (cont'd)**c) Share-Based Payments

The Company's Board has adopted a Stock Option Plan available to eligible directors, officers, employees and consultants to acquire up to 10% of common shares then outstanding (the "Plan"). Under the Plan, options may be granted By the Board at an option price in accordance with regulatory policy for a maximum term of 10 years.

No amounts are paid or payable by the recipient on receipt and the options are not dependent on any performance-based criteria. Share purchase options will vest at the discretion of the Company and in accordance with regulatory policy. No share purchase options were granted during the period ended October 31, 2019.

**Note 6**      **Loss Per Share**

The denominator for the calculation of loss per share, being the weighted average number of common shares for the period ended October 31, 2019 and 2018 is as follows:

	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>October 31,</b>		<b>October 31,</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Issued and outstanding, beginning of the period	<b>19,670,001</b>	-	<b>18,460,001</b>	-
Weighted average shares issued during the period	-	-	<b>1,170,543</b>	-
Basic and diluted weighted average number of shares	<b>19,670,001</b>	-	<b>19,630,544</b>	-

**Note 7**      **Capital Management**

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, sell assets to reduce debt or return capital to shareholders. The Company is not subject to externally imposed capital requirements.

**Note 8**      **Financial Instruments**

As at October 31, 2019, the Company's financial instruments consist of cash, short-term investments, amounts receivable and trade and other payables. The fair value of the Company's cash and trade and other payables approximate their carrying value, which is the amount on the statements of financial position, due to their short-term maturities or ability of prompt liquidation.



## HEMP FOR HEALTH INC.

Notes to the Condensed Interim Consolidated Financial Statements

October 31, 2019

(Stated in Canadian Dollars) - Page 7

### Note 8 Financial Instruments – (cont'd)

#### a) Interest Rate Risk

The Company's cash earns interest at a variable interest rate. Because of the nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of October 31, 2019. Future cash flows from interest income on cash will be affected by interest rate fluctuations. Interest rate risk consists of two components, i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk; and ii) To the extent that changes in prevailing market interest rates differ from the interest rates in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company's exposure to interest rate fluctuations is minimal.

#### b) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk with respect to its cash and short-term investments, the balance of which at October 31, 2019 is \$462,183 (April 30, 2019 – \$1,551,062) and \$401,995 (April 30, 2019 - \$Nil) respectively. As at that date, cash and short-term investments were held at a chartered Canadian financial institution and the Company does not consider the risks to be significant.

Liquidity risk arises from the excess of financial obligations over available financial assets due at any point in time. Additional cash requirements could be met with the issuance of additional share capital; however there is no assurance the Company will be able to raise funds in this manner in the future. As at October 31, 2019, the Company was holding cash and short term investments of \$462,183 (April 30, 2019 – \$1,551,062) and \$401,995 (April 30, 2019 - \$Nil) respectively.

### Note 9 Related Party Transactions

The following is a summary of charges incurred by the Company with related parties for the year ended October 31, 2019 and 2018:

<u>Year ended October 31,</u>	<u>2019</u>	<u>2018</u>
Corporate services	\$ 7,500	\$ -
Consulting fees	30,000	-
Office, rent and administration	7,500	-
<u>Total</u>	<u>\$ 45,000</u>	<u>\$ -</u>

During the six months ended October 31, 2019, the Company incurred operational expenses totalling \$45,000 (October 31, 2018: \$nil) from companies controlled by directors and officers of the Company.

Form 51-102-F1

# HEMP FOR HEALTH INC.

## MANAGEMENT DISCUSSION & ANALYSIS

For the period ended October 31, 2019

Directors and Officers as at December 19, 2019

Directors:

Robert Eadie  
Gary Arca  
Gina Pala  
Emiliano Vanni

Officers:

President & CEO – Robert Eadie  
CFO & Corporate Secretary – Gary Arca

Contact Name: Robert Eadie

Contact e-mail: [robert@hempforhealth.eu](mailto:robert@hempforhealth.eu)

# HEMP FOR HEALTH INC.

## MANAGEMENT'S DISCUSSION & ANALYSIS

For the period ended October 31, 2019

### 1.1 Date of This Report

This Management's Discussion & Analysis ("MD&A") should be read in conjunction with the unaudited condensed consolidated financial statements of Hemp for Health Inc. (the "Company") for the period ended October 31, 2019. All dollar amounts herein are expressed in Canadian Dollars unless stated otherwise.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls and to ensure that information used internally or disclosed externally, including financial statements and MD&A, is complete and reliable. The Company's Board of Directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The Board of Directors' Audit Committee meets with management quarterly to review the financial statements and the MD&A and to discuss other financial, operating and internal control matters. The reader is encouraged to review the Company's statutory filings on [www.sedar.com](http://www.sedar.com)

This MD&A is prepared as of December 19, 2019.

*This MD&A includes certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical facts, that address events or developments that the Company expects are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.*

### 1.2 Overall Performance

#### *Description of Business*

Hemp for Health Inc. (the "Company") was incorporated on October 1, 2018 under the Business Corporations Act of British Columbia as 1181427 B.C. Ltd and then Euro Grow Ltd on October 3, 2018. It did not commence operations until November 2, 2018. The Company changed its name to Hemp for Health Inc. on May 3, 2019. The Company is in the business of growing, processing, packaging and selling cannabidiol and related hemp based products in Italy. The Company set up a wholly owned Italian subsidiary, Hemp For Health H4H s.r.l, ("H4H") that operates the business interests in Italy. On November 21, 2019, the Company's shares commenced trading on the Canadian Securities Exchange under the trading symbol "HFH".

***Recent Events***

Hemp for Health Inc. Receives Positive Analysis for its Test Crop Carmagnola

The Company, a cultivator and distributor of premium CBD products in Italy and Europe, is pleased to announce its lab results from its test crop of Carmagnola Hemp that was planted for the 2019 growing season.

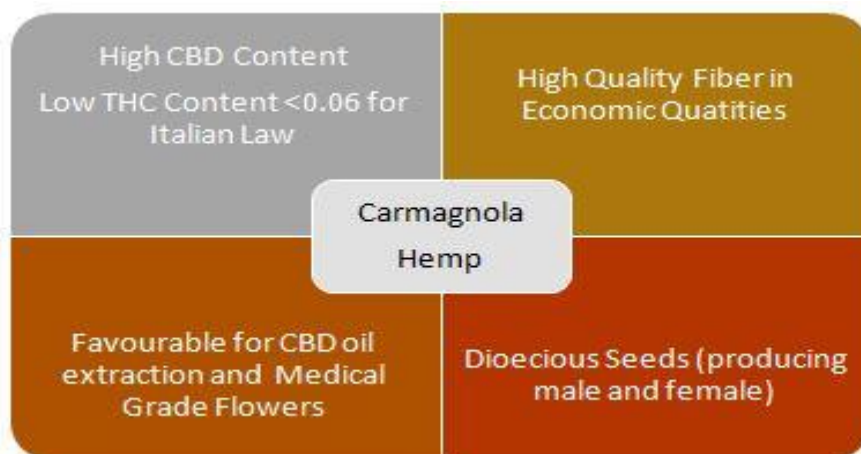
The certificate of analysis was provided by an independent laboratory, Crabion Toxicology, in Italy. The results for the two varieties of Carmagnola came back favorably with 14% CBD and 0.03 THC and 4.7% CBD and 0.01% THC. The results are listed in the following tables:

<b><i>Carmagnola Variety #1</i></b>		
Delta 9 Tetrahydrocannabinol (THC)	0.032	%
Delta 9 Tetrahydrocannabinol ACID (THC-A)	0.238	%
Delta 8 Tetrahydrocannabinol (THC)	0	%
Delta 8 Tetrahydrocannabinol ACID (THC-A)	0	%
CBD	0.389	%
CBD-A	13.8	%
CBN	0	%
CBD TOTAL	12.26	%
Delta 9 Tetrahydrocannabinol (THC) total	0.207	%
Delta 8 Tetrahydrocannabinol (THC) total	0	%

<b><i>Carmagnola Variety #2</i></b>		
Delta 9 Tetrahydrocannabinol (THC)	0.017	%
Delta 9 Tetrahydrocannabinol ACID (THC-A)	0.165	%
Delta 8 Tetrahydrocannabinol (THC)	0	%
Delta 8 Tetrahydrocannabinol ACID (THC-A)	0	%
CBD	0.164	%
CBD-A	4.76	%
CBN	0	%
CBD TOTAL	4.25	%
Delta 9 Tetrahydrocannabinol (THC) total	0.144	%
Delta 8 Tetrahydrocannabinol (THC) total	0	%

“We are pleased with the results and cultivation of this year’s test crop of Carmagnola Hemp” reported C.E.O and founder, Robert Eadie, “the strain which is native to Italy and recognized by the EU as a low technical cultivator with low THC is positive for our future products and the end users.”

Some other benefits and unique traits of the Carmagnola variety are displayed below in the diagram:



### Appointment of Investor Relations

The Company announces the appointment of Evan Eadie as its Investor Relations representative. His responsibilities will include communications, strategic marketing, market activity and assisting in the general growth and value creation for the company. The contact information for the Investor Relations department is: Telephone: 416-402-2341; Toll Free: 1-866-602-4935; Email: [evan@hempforhealth.eu](mailto:evan@hempforhealth.eu), and investors are encouraged to take advantage of our transparent and open communications plan. Mr. Eadie will be paid a monthly fee of Cdn\$4,000.

### **1.3 Selected Annual Information**

The highlights of financial data for the Company’s three most recently completed year-ends, which are calculated in accordance with International Financial Reporting Standards (“IFRS”), are as follows:

	April 30, 2019	April 30, 2018	April 30, 2017
	\$	\$	\$
(a) Total revenues	Nil	Nil	Nil
(b) Total expenses	(236,584)	Nil	Nil
(c) Net loss	(236,584)	Nil	Nil
(d) Loss per share – basic and diluted	(0.04)	Nil	Nil
(e) Total assets	2,172,493	Nil	Nil
(f) Total long-term liabilities	Nil	Nil	Nil
(g) Cash dividends declared per - share	Nil	Nil	Nil

## 1.4 Results of Operations

### *Discussion of Acquisitions, Operations and Financial Condition*

The following should be read in conjunction with the October 31, 2019 unaudited condensed consolidated financial statements of the Company and notes attached thereto.

#### Overview

The Company is a participant in the legal hemp industry. Hemp, or Industrial Hemp, is typically found in the northern hemisphere, is a strain of the *Cannabis sativa* plant species, and is grown typically for the industrial applications of its derived products. It is a fast growing plant, and has been used for centuries for a variety of uses ranging from paper, textiles, clothing, biodegradable plastics, paint, insulation, biofuel, food, and animal feed.

Although hemp is derived from the species *Cannabis sativa* and contains the psychoactive component THC, it is a distinct strain with unique phytochemical compositions and uses. Hemp has lower concentrations of THC and typically has higher concentrations of cannabidiol (CBD). The legality of Industrial Hemp varies among countries. Many governments regulate the concentration of THC and permit only hemp that is bred with an especially low THC content.

The Company's sole focus to date has been to initiate the growing and cultivating of legal Hemp in the Tuscany region of Italy. In this regard the Company has:

- entered into the Production Agreement with a farmer cooperative ("ITALC");
- acquired the seeds necessary for the first year's planting; and
- raised sufficient funds to plant and cultivate 100 hectares.

The first planting was completed by ITALC in May 2019, and began harvesting in October 2019. It is the Company's intention to process the Hemp biomass so as to produce and sell Dry Flower and CBD Crude Oil. For future years, the Company will seek to (i) expand the acreage under cultivation, and (ii) process the Hemp biomass to produce its own line of CBD related products. H4H seeks to enter Europe's emerging market of hemp-derived cannabidiol (CBD) products. Management believes that an opportunity exists in the cultivation of Hemp for the extraction of CBD and terpene profiles containing myrcene, limonene, and other hydrocarbons. These compounds may provide health benefits and come from a natural source without any adverse psychoactive effects for the user. This is because hemp typically contains less than 0.3% THC. This gives H4H the ability to offer natural products for customers to supplement their diet and health regimes instead of man-made chemicals or drugs. H4H will not produce or sell medicinal or recreational marijuana or products derived from high-THC *Cannabis/marijuana* plants.

#### Production Agreement

Pursuant to the Production Agreement, the Company has contracted with a farmers' cooperative (ITALC) to plant and grow Hemp for and on behalf of the Company, on the following terms:

- The agreement is effective for five years, and can be renewed for five year increments;

- ITALC has agreed to act exclusively for the Company, and not to cultivate any Hemp related products for third parties or to compete with the Company by growing Hemp for its own purposes;
- ITALC will make available at least 100 hectares of land and up to 8,000 hectares of land for planting of Hemp on behalf of the Company;
- ITALC will ensure crop compliance with legislation governing Hemp production;
- ITALC will deliver the harvested crop to such facilities as requested by the Company;
- The Company will provide hemp seeds, certified for use in the EU, at least 30 days prior to the scheduled planting date; and
- In consideration of ITALC's services, the Company will pay to ITALC up to €10,000 per hectare payable as to 30% prior to planting (paid), 30% by July 30 (paid), and the balance of 40% within 30 days of delivery of the harvested crop to the Company. For subsequent years, the price paid to ITALC will be reflective of the quantity and quality of the Hemp harvested and delivered.

### Principal Product

The Company will offer a limited number of products that are derived from the cultivation and harvesting of its Hemp crop, as summarized below:

#### *CBD Crude Oil*

This will be the Company's main wholesale product. CBD Crude Oil is the rawest post-extraction form of product. It contains CBD as well as many other cannabinoids and terpenes. Because it requires the least amount of processing and is currently high in demand, the Company can bring this product to market quickly and most effectively. CBD Crude Oil can be stripped of its fats and waxes to yield more pure and high-margin products. Some of these products include full-spectrum CBD oils, distillates, and isolates.

#### *Dry Flower Biomass*

This is the dried and ground form of the Hemp, primarily its flower but may also contain leaves. This is akin to the style of dried marijuana cannabis that is primarily smoked. However, this dry flower cannabis contains <0.3% THC, the psychoactive agent in marijuana, and does not intoxicate the user in anyway. It is generally used to extract CBD. Distribution of the dried flower will be wholesale.

#### *Feminized Hemp Seeds*

The Company may engage in the sale of feminized hemp seeds it produces. Seeds will be sold wholesale to farmers and cultivators in the European market.

### Recent Activity

Our mission at Hemp for health is to produce and provide access to high quality hemp-based CBD products so that people can live better lives. Our focus is on four verticals: genetics, cultivation, extraction and partnerships. Through a vertically integrated process, our CBD products will be produced and processed in Tuscany thus achieving the "Made in Tuscany" label, a globally recognized branding strategy. Our test crop in the first year of operations was a Carmagnola hemp strain and the 2019 harvest is nearing completion

with the crop responding positively to the Tuscan soil and climate. Our initial farming capacity is set to be 130 Ha for the 2020 growing season which is scheduled to commence in April/May 2020.

### *Strategy*

Our short-term company strategy is to sell the biomass from this year's test crop in a bulk sale method in the Italian/European market. The hemp flower is being used to develop our propriety full spectrum CBD oil with a focus on three products in a tiered pricing module. The final pricing strategy will be determined upon the best available market prices and a careful analysis of the current CBD landscape in Europe. The longer-term objectives of the company include increasing acres under management, product development and collaborating with research institutions and universities.

### *Positioning of Hemp for Health in the European Market*

As a company focused on the "Made in Tuscany" brand, we are committed to creating a portfolio of products that appeal to consumers. Our full spectrum CBD oil will be branded as Tuscan Gold, Tuscan Silver, and Tuscan Bronze. The tiered pricing system will be based on the total content of CBD in each set of CBD oil and our sales will be focused on the European market and nearby jurisdictions.

### Environmental Protection

The operation of our business has no extraordinary environmental protection requirements. As a result, the Company does not anticipate that any environmental regulations or controls will materially affect the business.

## **1.4.1 Results of Operations**

The expenses relating to the loss and comprehensive loss for the period ended October 31, 2019 of \$1,237,402 and for the comparative year ended October 31, 2018 of \$Nil are as follows:

<u>For the period ended October 31,</u>	<u>2019</u>	<u>2018</u>
Audit and Consulting	\$ 122,691	\$ -
Foreign Exchange loss	16,056	-
Legal and corporate services	78,541	-
Marketing	20,422	-
Office, rent and administration	59,973	-
Research and development expense	795,507	-
Shareholder communications	4,154	-
Transfer agent and filing fees	24,934	-
Travel and accommodations	124,444	-
Finance revenue	(9,320)	-
<b><u>Total loss and comprehensive loss for the period</u></b>	<b><u>\$ 1,237,402</u></b>	<b><u>\$ -</u></b>

During the period ended October 31, 2019 the Company incurred ongoing corporate overhead expenses such as audit and consulting of \$122,691 which includes regulatory costs of listing the Company on a public stock exchange. The Company also incurred office, rent and administration of \$59,973 and travel and



accommodations costs of \$124,444 in relation to start up costs in Italy. The Company has incurred \$795,507 in expenses related to research and development while the Company is optimizing its process to grow the crop more efficiently. The Company is still in a research and development phase and is currently evaluating the technical and commercial feasibility of the crop. The Company will continue to expense all research and development costs until the Company develops a process where it will be able to grow and sell the crop to generate future economic benefit.

#### *Financings, Principal Purposes & Milestones*

On May 6, 2019, the Company closed a second tranche of the financing and issued 1,210,000 units priced at \$0.20 per unit, for gross proceeds of \$242,000. Each unit consists of one common share of the Company and one-half of one share purchase warrant for 605,000 whole warrants, with each warrant entitling the holder thereof to acquire an additional common share of the Company for a period of two years at a price of \$0.30 per share.

The Company issued 392,000 special warrants priced at \$0.20 per special warrant, for gross proceeds of \$78,400. Each special warrant was converted into one unit consisting of one common share of the Company and one-half of one share purchase warrant for 196,000 whole warrants, with each warrant entitling the holder thereof to acquire an additional common share of the Company for a period of two years at a price of \$0.30 per share. The special warrants converted to units upon the Company obtaining a receipt to the final prospectus qualifying the issuance of the units in November, 2019.

### **1.5 Liquidity and Capital Resources**

As at October 31, 2019, the Company had \$462,183 (April 30, 2019 - \$1,551,062) in cash and \$401,995 (April 30, 2019 - \$Nil) in Short-term investments, working capital of \$1,207,696 and no long-term debt. The Company's ability to continue as a going concern is dependent upon its existing working capital and obtaining the necessary financing to meet its obligations and pay its liabilities arising from normal business operations when they come due.

The Company's working capital will not meet corporate, development, administrative and property obligations for the coming year. As a result, the Company will require additional financing and, while the Company has been successful in raising equity financing through the issuances of common shares in the past, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms. As such, there remains significant doubt as to the Company's ability to continue as a going concern.

### **1.6 Off Balance Sheet Arrangements**

There are no off-balance sheet arrangements to which the Company is committed.

### **1.7 Transactions with Related Parties**

The following is a summary of charges incurred by the Company with related parties during the period ended October 31, 2019 and 2018:

<u>Period ended October 31,</u>	<u>2019</u>	<u>2018</u>
Corporate services	\$ 7,500	\$ -
Consulting fees	30,000	-
Office, rent and administrative expense	7,500	-
<b>Total</b>	<b>\$ 45,000</b>	<b>\$ -</b>

During the six months ended October 31, 2019, the Company incurred operational expenses totalling \$45,000 (October 31, 2018 - \$nil) from companies controlled by directors and officers of the Company.

## **1.8 Critical Accounting Estimates**

### a) Going concern

Management makes an assessment about the Company's ability to continue as a going concern by taking in to account the consideration of the various factors discussed in Note 2 of the October 31, 2019 unaudited interim consolidated financial statements.

### b) Biological assets and inventory

Initial costs include seed expenses that will be recognised at cost value in inventory. Once the seed becomes a cannabis plant it will be considered a biological asset and it will need to be revalued. All the plants are to be harvested as agricultural produce or to be sold as live plants. The Company estimates harvest yields for the plants at various stages of growth. Selling prices used in the valuation are based on the average selling price of all dried cannabis sales and can vary based on the different strains produced. The Company's estimates are, by their nature, subject to change. Changes in the anticipated yield will be reflected in future changes in the gain or loss on biological assets.

The Company is still in a research and development phase and is currently evaluating the technical and commercial feasibility of the crop. The Company will continue to expense all research and development costs until the Company develops a process where it will be able to grow and sell the crop to generate future economic benefit.

## **1.9 Changes in Accounting Policies**

N/A

## **1.10 Financial and Other Instruments**

As at October 31, 2019, the Company's financial instruments consist of cash, short term investments, amounts receivable and trade and other payables.

The fair value of the Company's cash and trade and other payables approximates its carrying value, which is the amount on the statement of financial position, due to the short-term maturities or ability of prompt liquidation.

### a) Interest Rate Risk

The Company's cash earns interest at a variable interest rate. Because of the nature of this financial instrument, fluctuations in market rates do not have a significant impact on estimated fair values as of October 31, 2019. Future cash flows from interest income on cash will be affected by interest rate fluctuations. Interest rate risk consists of two components:

- (i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
- (ii) To the extent that changes in prevailing market interest rates differ from the interest rates in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company's exposure to interest rate fluctuations is minimal.

### b) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk with respect to its cash, the balance of which at October 31, 2019 is \$462,183 (April 30, 2019 - \$1,551,062) and short-term investment of \$401,995 (April 30, 2019 - \$Nil). As at that date, cash and short-term investment were held at a chartered Canadian financial institution and the Company does not consider the risks to be significant.

### c) Liquidity Risk

Liquidity risk arises from the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements. Additional cash requirements could be met with the issuance of additional share capital; however there is no assurance the Company will be able to raise funds in this manner in the future. As at October 31, 2019, the Company was holding cash of \$462,183 (April 30, 2019 - \$1,551,062) and short-term investment of \$401,995 (April 30, 2019 - \$Nil).

**1.11 Disclosure of Outstanding Share Capital as at December 19, 2019:**

	Number	Book Value
<u>Common Shares</u>	<u>20,062,001</u>	<u>\$ 2,618,300</u>

A summary of the Company's outstanding share purchase warrants is presented below:

<u>Number of Shares</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
5,730,000	\$0.30	April 26, 2021
746,000	\$0.30	April 26, 2021
605,000	\$0.30	May 6, 2021
38,800	\$0.30	May 6, 2021
196,000	\$0.30	November 21, 2021
<b>7,315,800</b>	<b>\$0.30</b>	

**1.12 Approval**

The Board of Directors, upon the recommendation of the Audit Committee, has approved the disclosure contained in this MD&A.