KANEH BOSM BIOTECHNOLOGY INC.

Management's Discussion & Analysis of Financial Condition and Results of Operations for the Financial Year Ended February 28, 2018

Date: June 27, 2018

General

This Management's Discussion & Analysis ("MD&A") of Kaneh Bosm Biotechnology Inc. (the "Company") has been prepared by management and should be read in conjunction with the audited consolidated financial statements and accompanying notes for the year ended February 28, 2018. The audited consolidated financial statements, together with the following MD&A are intended to provide investors with a reasonable basis for assessing the financial performance of the Company as well as forward-looking statements relating to future performance. The consolidated audited financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and include the operating results of the Company.

This MD&A was reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on **June 27, 2018**.

The Company's critical accounting estimates, significant accounting policies and risk factors have remained substantially unchanged and are still applicable to the Company unless otherwise indicated. All amounts are expressed in Canadian dollars unless noted otherwise.

Additional information relating to the Company, including regulatory filings, can be found on the SEDAR website at www.sedar.com.

Forward-Looking Statements

Information set forth in this MD&A may involve forward-looking statements within the meaning of Canadian securities laws. These statements relate to future events or future performance and reflect management's expectations regarding the Company's growth, results of operations, performance and business prospects and opportunities. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management. In some cases, forward-looking statements can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue", "target" or the negative of these terms or other comparable terminology. Forward-looking statements in this MD&A include, but are not limited to: volatility of stock price and market conditions, regulatory risks, difficulty in forecasting, key personnel, limited operating history, competition, investment capital and market share, market uncertainty, additional capital requirements, management of growth, pricing policies, litigation, no dividend history. The risk factors described in this MD&A are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in the Company's forward-looking statements. In addition, any forward-looking statements represent the Company's estimates only as of the date of this MD&A and should not be relied upon as representing the Company's estimates as of any subsequent date. The material factors and assumptions that were applied in making the forward-looking statements in MD&A include: (a) execution of the Company's existing plans which may change if the Company acquires a marijuana related asset or if new information arises which makes it prudent to change such plans. Forward looking statements are based on a number of assumptions that may prove to be incorrect including but not limited to assumptions about: the impact of competition; the ability to obtain new financing on acceptable terms; the ability to retain skilled management and staff; currency, exchange and interest rates; the availability of financing opportunities, risks associated with economic conditions, dependence on management and conflicts of interest. The preceding list is not exhaustive of all possible factors. All factors should be considered carefully when making decisions with respect to the Company. Readers should not place undue reliance on the Company's forward-looking statements, as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that such forward-looking statements will materialize. Unless required by applicable securities laws the Issuer disclaims any obligation to update any . forward-looking statements, whether as a result of new information, future events or results or otherwise. For a description of material factors that could cause the Company's actual results to differ materially from the forward-looking statements in this MD&A, see "Risk Factors". While the Company considers these assumptions may be reasonable based on information currently available to it, these assumptions may prove

Forward-Looking Statements (continued)

to be incorrect. Actual results may vary from such forward-looking information for a variety of reasons, including but not limited to risks and uncertainties disclosed in the section titled "Risk Factors".

Overview

Kaneh Bosm Biotechnology Inc. was incorporated on March 1, 2006 pursuant to the Business Corporations Act, British Columbia under the name Red Hill Resources Inc. As of March 28, 2014, the Company changed its business from natural resources to the Cannabis sector and subsequently changed its name to Kaneh Bosm BioTechnology Inc.

The shares of the Company are traded on the Canadian Securities Exchange ("CSE") under the symbol "KBB".

On May 17, 2017, the Company has consolidated its issued and outstanding share capital on the basis of one post-consolidation share for each two pre-consolidation common shares. No fractional shares will be issued and any fraction will be rounded to the nearest whole number.

Currently, management is evaluating potential marijuana projects and cannabis related companies for potential acquisition. See discussion below regarding subsequently completed transactions for cannabis projects.

The Company's head office and registered and records office is 789 West Pender Street, Suite 810, Vancouver, BC, Canada V6C 1H2. Additional information relating to the Company can be found on the SEDAR website at www.sedar.com.

Overall Performance

During the year ended February 28, 2018, management was active in pursuing potential marijuana projects and has successfully closed on the following after-year end:

Marathon Global

On June 4, 2018, the Company closed a definitive agreement with Marathon Global Inc. ("Marathon") to acquire 44.12% of its issued and outstanding share capital. Under the terms of the agreement, the Company issued 15 million shares in exchange for 7,500,000 shares of Marathon. The Company also paid a finder's fee of 1,200,000 shares to an arm's length party in connection with the agreement.

On June 6, 2018, the Company closed a share purchase agreement with Marathon to purchase 1,000,000 common shares of Marathon at a price of $1.00 per share for total consideration paid of $1,000,000. Following completion of the share purchase agreement, the Company owns 50% of the issued and outstanding share capital of Marathon. The Company entered into an agreement subsequent to this date to acquire the remaining 50% of Marathon.

- Marathon Global has an exclusive agreement with Cosmos Holdings Inc., ("Cosmos") a European based pharmaceutical distributor, to procure and distribute medical cannabis products and all cannabis derivatives for clients of Cosmos in approved countries within its distribution network of 110 clients, representing approximately 35,000 pharmacies in 16 countries. This relationship brings an unparalleled ability to supply the overwhelming demand for Cannabis and Cannabis extracts in Europe as COSMOS brings generations worth of experience and relationship to Kaneh Bosm.

Overall Performance (continued)

CanAfrica

On June 20, 2018, the Company completed a share purchase agreement with CanAfrica Holdings to acquire 100% of its issued and outstanding share capital. Under the terms of the agreement, the Company issued 29.5 million common shares and paid $1,300,000 cash. The Company issued 2.36 million common shares as a finder's fee to an arm's length finder in connection with the transaction contemplated in the agreement.

- CanAfrica holds a license to cultivate, manufacture, supply, hold, import, export and transport cannabis and derivative products. The Kingdom of Lesotho, Africa has an ideal climate for low cost greenhouse cannabis production; it averages over 300 days of sunshine annually. Lesotho was the first African nation to legalize medical cannabis in 2017.

- Management believes that by establishing a presence in Africa, it will extend its current business model and allow the Company to produce its own products to push through its unique and substantial European distribution networks and into its award-winning BioCanna ADM automated retail system.

Update on previous projects:

During the year ended February 28, 2018, the Company only made minor expenditures regarding the BioCanna ADM automated Cannabis retail kiosk system (the "Kiosk System). The Company also had a full-service engineering, procurement and construction service customized to provide infrastructure solution for Cannabis entrepreneurs (the "EPC Division").

During the year ended February 28, 2018, the Company did not have any significant operational expenditures or revenue from its EPC Division or the Kiosk Systems and its focus was to evaluate other potential cannabis related projects that could potentially provide synergies.

Equity Transactions

On November 2, 2017, the Company closed the second tranche of the 2017 Continuing Offering with the issue of 1,100,000 special warrants for gross proceeds of $57,750. Each special warrant entitles the holder to receive one common share and one share purchase warrant without any further contribution. The share purchase warrant entitles the holder to purchase an additional common share for $0.07 for a period of 24 months.

On September 12, 2017, the Company closed the first tranche of a non-brokered private placement of a continuing offering of 7,245,238 units at a price of $.0525 per unit for gross proceeds of $380,375. Each unit consists of the one common share and one share purchase warrant. Each warrant is convertible into one common share at an exercise price of $0.07 per share and is exercisable for a period of two years.

On May 17, 2017, the Company consolidated its issued and outstanding share capital on the basis of one post-consolidation share for each two pre-consolidation common shares. No fractional shares were issued and any fraction will be rounded to the nearest whole number. These financial statements have been retroactively adjusted to reflect the post consolidation number of shares, options and warrants.

On March 10, 2017, the Company issued 22,000 shares fair valued at $6,600 pursuant to interest owing on a loan.

On March 6, 2017, the Company closed a non-brokered private placement of 500,000 units for gross proceeds of $50,000 at a price of $0.10 per unit. Each unit consists of one common share of the Company and one common share purchase warrant. Each whole warrant is convertible into one common share at a price of $0.13 per share and is exercisable for a period of two years.

Selected Annual Information

The following table sets forth a brief summary of the Company's financial operations for the three most recently completed financial years.

	Year Ended February 28, 2018	Year Ended February 28, 2017	Year Ended February 29, 2016
	$	$	$
Total Revenues	Nil	Nil	51,558
Net Loss	(988,900)	(777,896)	(298,891)
Net Comprehensive Loss	(988,900)	(777,896)	(298,891)
Net Loss per share, basic and diluted	(0.06)	(0.07)	(0.04)
Total Assets	105,814	25,062	143,445
Total Non-current liabilities	Nil	Nil	Nil
Weighted Average Number of Shares Outstanding basic and diluted	16,655,251	11,345,432	8,244,245
Shareholder's Equity (Deficiency)	(96,381)	(268,954)	(4,677)

Net loss has increased from the previous years due to non-cash share-based payment expense in 2018 of $646,248. In 2017, net loss made up of write-down impairments on the Company's exploration and evaluation asset of $264,423 and deposits for cannabis dispensary equipment $75,900.

The increase in total assets during the year was primarily due to increases in cash generated from equity financings.

Results of Operations for the year ended February 2018 compared to 2017

		Year Ended	
	Notes	**February 28, 2018**	**February 28, 2017**
General and administrative expenses		$	$
Accounting and audit fees		10,700	10,624
Consulting fees	a)	259,315	181,917
Interest expense and bank charges		13,163	1,762
Legal fees	b)	24,018	42,206
Office and administration		1,422	1,362
Share-based payments		646,248	94,619
Transfer agent and filing fees	c)	25,136	18,841
Travel and entertainment	d)	11,332	42,996
Website, advertising and promotion		-	2,400

Overall, in comparison with 2018, management conserved working capital and minimize general and administrative expenses during the year. The most significant increase recognized was a result of share-based payments for options granted during the current year. 1,400,000 options were granted to directors, officers and consultants in 2018 compared to 475,000. Other significant changes are explained below:

a) Consulting fees – The Company paid consulting fees of $10,000 per month to St. Cloud Mining Services Inc. a private company owned and controlled by the CEO of the Company. The Company paid consulting fees of $2,000 per month to Bridge Mark Financial Corp., a private company owned and controlled by the CFO. See "Related Party Transactions".

b) Legal fees decreased as a result of decrease in significant business activities requiring additional legal advice during the period. The increased spending in the prior year was a result of the Company's proposed fundamental change from the resource sector to the Cannabis sector and engagement in Mexican gold concessions.

Results of Operations for the year ended February 2018 compared to 2017 (continued)

c) Transfer agent and filing fees increased due to private placements issued during the year.

d) Travel decreased from prior year as a result of the company terminating its Mexican Gold Concessions Project.

Summary of Quarterly Results

The following table sets forth selected quarterly financial information for each of the last eight most recently completed quarters. This information is derived from audited financial statements prepared by management and unaudited interim condensed consolidated financial statements. The information is reported in accordance with IFRS and expressed in Canadian Dollars unless otherwise stated.

	2018				2017			
	Qtr 4	Qtr 3	Qtr 2	Qtr 1	Qtr 4	Qtr 3	Qtr 2	Qtr 1
	$	$	$	$	$	$	$	$
Revenue	-	-	-	-	-	-	-	-
Net Loss	(770,528)	(95,902)	(65,419)	(57,051)	(137,505)	(362,548)	(250,311)	(27,532)
Basic and diluted loss per share	(0.05)	(0.01)	(0.00)	(0.00)	(0.01)	(0.03)	(0.02)	(0.01)

The amount and timing of expenses and availability of capital resources vary substantially from quarter to quarter, depending on the level of activities being undertaken at any time and the availability of funding from investors or collaboration partners. The significant increase in Q4 2018 relates to the fair value of share-based payment expense for options granted and consulting and professional fees incurred to pursue cannabis projects. In Q3 2017, the Company recognized an impairment on its exploration and evaluation project in Mexico.

Liquidity and Capital Resources

The Company has financed its operations to date through the issuance of common shares.

	February 28, 2018	February 28, 2017
Working capital deficit	$ 96,381	$ 268,954
Deficit	$ 5,120,274	$ 4,131,374

During the year ended February 28, 2018, $447,539 was used in operating activities. This included the reported net loss of $988,900 prior to being decreased for non-cash items such as shares issued for interest payments and share-based payments. Cash used on operating activities was consistent with prior year.

During the year ended February 28, 2018, cash provided by financing activities was $506,625 compared to $424,000. During 2018 and 2017, private placements were completed for $463,125 and $394,000 respectively. In 2018, the Company had warrants exercised for proceeds of $45,500.

Since 2014, the Company has focused on the sale of the Kiosk Systems, acquisition of Cannabis related companies and Cannabis projects and its EPC Division. Except for the sale of one Kiosk System, these activities have been funded by revenue generated from the sale of securities. During the year ended February 28, 2018 and 2017, there was no revenue generated from the EPC Division or the Kiosk Systems. The Company had working capital deficit of $96,381 (February 28, 2017: $268,954). There is significant doubt about its ability to continue as a going concern and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

Liquidity and Capital Resources (continued)

Management's current strategy is to continue to look for marijuana related projects and cannabis related companies to acquire. As there is a working capital deficiency Management recognizes the Company's need to continue to raise funds through the sale of its securities.

In the event that proceeds from any future financings are insufficient to cover planned expenditures, Management will allocate available resources in such manner as deemed to be in the Company's best interest. This may result in a significant reduction in the scope of existing and planned operations.
These financial statements do not reflect any adjustments related to the recoverability and classification of assets or the amounts and classifications of liabilities that might be necessary should the Company be unable to continue as a going concern.

Off-Balance Sheet Arrangements
The Company has no off-balance sheet arrangements that would potentially affect current or future operations or the financial condition of the Company.

Related Party Transactions
The Directors and Executive Officers of the Company are as follows:

Rudy de Jonge	Chief Executive Officer and Director
Michael Martinz	President and Director
Peter Nguyen	Chief Financial Officer
Eugene Beukman	Director
Kent Ausburn	Director

The aggregate value of transactions and outstanding balances relating to key management personnel were as follows:

	Year Ended	
	February 28, 2018	**February 28, 2017**
St. Cloud Mining (Rudy de Jonge, CEO) – Management Fees	$ 120,000	$ 90,000
BridgeMark Financial Corp (Anthony Jackson, former CFO)	24,000	24,000
Director/officer of the Company	-	55,617
Total	$ 144,000	$ 169,617

During the year ended February 28, 2018, a total of 400,000 (2017 - 475,000) stock options were granted to directors and officers. The share-based payments related to the stock options granted to directors and officers amounted to $184,642 (2017 - $74,699).

Included in accounts payable is $70,422 (2017: $147,286) payable to directors and officers of the Company.

Proposed Transactions
The Company does not currently have any proposed transactions approved by the Board of Directors. All current transactions are fully disclosed in the audited consolidated financial statements for the year ended February 28, 2018.

Investor Relations
The Company has not entered into any investor relations contracts and all investor relation activity is carried out by directors and officers of the Company.

Financial Instruments
The Company classifies its cash and cash equivalents as financial assets at fair value through profit or loss and accounts payable and accrued liabilities and loan payable as other financial liabilities. The fair values of payable and accrued liabilities and loan payable approximate their carrying values due to the short-term nature of these instruments.

Financial Instruments (continued)

The Company classifies its fair value measurements within a fair value hierarchy, which reflects the significance of the inputs used in making the measurements as defined in IFRS 7 – *Financial Instruments – Disclosures*:

Level 1 – Observable inputs other than quoted prices include in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities that are not active; or other inputs that are observable or can be corroborated by observable market data. Cash and cash equivalents are classified as Level 1.

Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Significant unobservable inputs which are supported by little or no market activity.

Credit risk
Credit risk is the risk of loss associated with counterparty's inability to fulfil its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents which are held in large Canadian financial institutions. The Company believes this credit risk is insignificant.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due.

As at February 28, 2018 the Company had cash balance of $73,491 (February 28, 2017: $14,405) to settle current liabilities of $202,195 (February 29, 2017: $294,016). In general, the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has cash balances and no interest-bearing debt. The Company believes it has no significant interest rate risk.

Other MD&A Disclosure Requirements

Disclosure by venture issuer
An analysis of the material components of the Company's general and administrative expenses is disclosed in the financial statements to which this MD&A relates.

Outstanding Share Data
Common shares issued and outstanding as at February 28, 2018 are described in detail in Note 7 to the audited consolidated financial statements for the year ended February 28, 2018.

As at the date of this document, **June 27, 2018,** the Company had the following number of securities outstanding:

- 96,219,108 common shares issued and outstanding
- 9,621,911 options outstanding
- 34,645,238 warrants outstanding

Subsequent Events

On April 5, 2018, the Company closed a non-brokered private placement consisting of 16,030,000 units at a price of $0.25 per unit for gross proceeds of $4,007,500. Each unit is comprised of one common share and one common share purchase warrant. Each warrant will be exercisable by the holder to purchase one additional common share per warrant at an exercise price of $0.50 for a period of two years.

On June 4, 2018, the Company closed a definitive agreement with Marathon Global Inc. ("Marathon") to acquire 44.12% of its issued and outstanding share capital. Under the terms of the agreement, the Company issued 15 million shares in exchange for 7,500,000 shares of Marathon. The Company also paid a finder's fee of 1,200,000 shares to an arm's length party in connection with the agreement.

On June 6, 2018, the Company closed a share purchase agreement with Marathon to purchase 1,000,000 common shares of Marathon at a price of $1.00 per share for total consideration paid of $1,000,000. Following completion of the share purchase agreement, the Company owns 50% of the issued and outstanding share capital of Marathon.

On June 20, 2018, the Company completed a share purchase agreement with CanAfrica Holdings to acquire 100% of its issued and outstanding share capital. Under the terms of the agreement, the Company issued 29.5 million common shares and paid $1,300,000 cash. The Company issued 2.36 million common shares as a finder's fee to an arm's length finder in connection with the transaction contemplated in the agreement.

On June 20, 2018, the Company closed a $5,000,000 non-brokered private placement consisting of 10,000,000 units at a price of $0.50 per unit. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to acquire one additional common share at a price of $1.00 per warrant for a period of 12 months from issuance. Finder's fees of $60,000 cash and 120,000 finder's warrants on the same terms will be paid to two arm's length parties in connection with the private placement.

On June 21, 2018, the Company entered into a letter of intent ("LOI") with Canna Colombia Holdings Inc. to acquire 100% of its issued and outstanding share capital. Under the terms of the LOI, the Company will pay US$2.0 million, and will issue 30 million common shares. A finder's fee as per regulatory guidelines will also be payable on this transaction.

On June 22, 2018, the Company granted incentive stock options to its directors, officers, employees and consultants to purchase an aggregate of 7,591,911 common shares at an exercise price of $0.51 per common share for up to five years.

On June 26, 2018, the Company entered into a definitive agreement with Marathon Global Inc. to acquire the remaining 50% of the company. Under the terms of the agreement, the Company will issue 15 million shares. A finder's fee as per regulatory guidelines will also be payable.

In April and June, 200,000 warrants and 50,000 options were exercised for gross proceeds of $20,000.

Risks Related to the Company's Business

Limited Operating History The Company has yet to generate revenue from the sale of products. The Company is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. 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.

Change in Laws, Regulations and Guidelines The Company's operations will be subject to a variety of laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of medical marijuana but also including laws and regulations relating to health and safety, the conduct of operations and the protection of the environment. While the Company intends to comply with all such laws, changes to such laws, regulations and guidelines due to matters beyond the control of the Company may cause adverse effects to the Company's future operations.

Risks Related to the Company's Business (continued)

On March 21, 2014, in response to a motion brought by four individuals, the Federal Court of Canada issued an order affecting the repeal of the MMAR and the application of certain portions of the MMPR which are inconsistent with the MMAR. This order and its anticipated effects on the Company are described above under the heading "*Narrative Description of the Business*". As of the date of this Listing Statement, it is unclear how the Government of Canada will react to this order or how the Federal Court of Canada might ultimately decide the case to which the order relates. The risks to the Business of the Company represented by this or similar actions are that they might lead to court rulings or legislative changes that allow those with existing licences to possess and/or grow medical marijuana and perhaps others to opt out of the regulated supply system implemented through the MMPR, in which the Company is applying to be a licensed producer. This could significantly reduce the addressable market for the Company's products and could materially and adversely affect the business, financial condition and results of operations of the Company.

Additional Financing The acquisition of facilities and operation of production facilities are capital intensive. In order to execute the anticipated growth strategy, the Company will require additional equity and/or debt financing to support on-going operation, to undertake capital expenditures or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to the Company when needed or on terms which are acceptable. The Company's ability to raise financing to support on-going operations or to fund capital expenditures or acquisitions could limit the Company's growth and may have a material adverse effect upon future profitability.

If additional funds are raised though further issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of Common Shares. Any debt financing secured in the future could involve 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.

Competition 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 manufacturing and marketing experience than the Company. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition and results of operations of the Company.

Because of the early stage of the industry in which the Company intends to operate, the Company expects to face additional competition form new entrants. If the number of users of medical marijuana in Canada increases, the demand for products will increase and the Company expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To be competitive, the Company will require a continued high level of investment in research and development, marketing, sales and client support. The Company may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially affect the business, financial condition and results of operations of the Company.

Risks Inherent in an Agricultural Business The Company's business will involve the growing of medical marijuana, an agricultural product. As such, the business is subject to the risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks. Although the Company expects its products will be grown indoors under climate controlled conditions, carefully monitored by trained personnel, there can be no assurance that natural elements will not have a material adverse effect on the production of its products.

Vulnerability to Rising Energy Costs Medical marijuana growing operations consume considerable energy, making such operations vulnerable to rising energy costs. Rising or volatile energy costs may adversely impact the business of the Company and its ability to operate profitably.

Risks Related to the Company's Business (continued)

Transportation Disruptions Due to the perishable and premium nature of agricultural products, the Company will depend on fast and efficient courier services to distribute its product. Any prolonged disruption of this courier service could have an adverse effect on the financial condition and results of operations of the Company. Rising costs associated with the courier services used by the Company to ship its products may also adversely impact the business of the Company and its ability to operate profitably.

Unfavourable Publicity or Consumer Perception The Company believes the medical marijuana industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the medical marijuana produced. Consumer perception of marijuana products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medical marijuana 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 medical marijuana 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 the Company's products and the business, results of operations, financial condition and cash flows of the Company. The Company's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect of the Company, the demand for medical marijuana products, and the business, results of operations, financial condition and cash flows of the Company. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of medical marijuana in general, or the Company's products specifically, or associating the consumption of medical marijuana with illness or other negative effects or events, could have such a material adverse effect. 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 appropriately or as directed.