NEXT GREEN WAVE HOLDINGS INC. (FORMERLY CROSSGATE CAPITAL CORPORATION)

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Three and Nine Months Ended September 30, 2018

Business of the Company

Next Green Wave Holdings Inc. ("the Company"), formerly Crossgate Capital Corporation, is Canadian based, North American seed to sale cannabis company providing products and services to the cannabis industry in California, United States through its wholly-owned subsidiary, Next Green Wave, LLC ("NGW").

This management discussion and analysis ("MD&A") of the financial condition and results of operations of the Company is for the three and nine months ended September 30, 2018.

This MD&A has been prepared as of November 26, 2018 and should be read in conjunction with the Company's consolidated condensed interim financial statements for the three and nine months ended September 30, 2018. These consolidated condensed interim financial statements are prepared in accordance with IAS 34, Interim Financial Reporting, of International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board. The Company's significant accounting policies are set out in Note 2 of the September 30, 2018 consolidated condensed interim financial statements and Note 3 of the December 31, 2017 audited financial statements. All amounts in the MD&A are in Canadian dollars, except for per share amounts or as indicated otherwise.

This document contains Forward-Looking Statements. Refer to the cautionary language under the heading "Forwarding-Looking Statements" below.

Additional information regarding the Company will be available on our website at www.nextgreenwave.com or through the SEDAR website at www.sedar.com.

Forward-Looking Statements

This MD&A includes certain forward-looking statements that are based upon current expectations, which involve risks and uncertainties associated with our business and the environment in which the business operates. Any statements contained herein that are not statement of historical facts may be deemed to be forward-looking statements, including those identified by the expressions "anticipate", "believe", "plan", "estimate", "expect", "intend", and similar expressions to the extent they relate to the Company or its management. The forward-looking statements are not historical facts but reflect management's current expectations regarding future results or events. These forward-looking statements are subject to a several risks and uncertainties that could cause actual results or events to differ materially from current expectation, including, but not limited to risks, and uncertainties related to:

- the performance of the Company's business and operations;
- the intention to organically grow the business and operations of the Company;
- expected growth in the demand for medical and recreational cannabis in jurisdiction where use of cannabis has been legalized within the United States;
- future liquidity and financial capacity;
- the availability of financing opportunities, risks associated with economic conditions, dependence on management and conflict of interest;
- changes in federal and state regulatory, banking and tax regimes impacting the cannabis industry; and
- other risks described in the MD&A and described from time to time in documents filed by the Company with Canadian securities regulatory authorities.

With respect to the forward-looking statements contained herein. Although the Company believes that the expectations and assumption on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements, because no assurance can be given that they will prove to be correct. Consequently, all forward-forwarding statements made in this MD&A and other documents of the

Company are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will be realized or, even if realized, that they will have the expected consequences to or effects on the Company. The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that the Company and/or persons acting on the Company's behalf may issue. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required under securities legislation.

Company Overview

The Company was incorporated in the province of British Columbia on July 6, 2011. Its registered and records office is located at 1680 – 200 Burrard Street, Vancouver, B.C. V6C 3L6.

The Company is a Canadian-based, North American seed to sale cannabis company providing products and services to the cannabis industry in the State of California, USA. The Company, through its wholly-owned subsidiary, Next Green Wave, LLC ("NGW"), is licensed by the State of California to produce, distribute and sell products throughout the State.

The Company is currently constructing a 35,000 square foot facility on one of its four properties zoned for cannabis production in City of Coalinga, CA. This facility will enable the Company to cultivate medicinal and recreational cannabis, manufacture and distribute cannabis products starting in the first quarter of 2019 in accordance with the requirements under the Medical and Adult Use Regulation and Safety Act (MAUCRSA).

Key Developments

- Received $21,447,765 in gross proceeds of private placements;
- The Company purchased NGW, via the issuance of 25,000,000 common shares to the shareholders at a deemed value of $0.10 per common share and 10,000,000 escrowed, performance shares at a deemed value of $0.35 per common share. NGW assets include two parcels of land (the "Properties") in the cannabis industrial zone of Coalinga, CA, and has acquired four Conditional Use Permits ("CUPS") for 1) Type 3A cultivation, 2) Type 4 nursery, 3) transportation and distribution licenses and 4) extraction for each medical and recreational cannabis operations.
- Appointment of Michael Jennings, Leigh Hughes, Paul Chow, and David Wilson to the management and executive team. The management team has extensive experience in the cannabis industry, public companies, marketing and communications, financial services, and merger and acquisitions for over 20 years.

On April 16, 2018, the Company acquired a 7.88-acre parcel of land adjacent to Facilities A and B for approximately $1.8 million (US$1.4 million). The current plan for this location is to build a 250,000 square foot greenhouse in 2020. For a more detailed description of the Facilities, see the Outlook section of this MD&A.

On October 10, 2018, the Company was listed on the Canadian Securities Exchange under the symbol NGW.

On October 16, 2018, the Company announced that it entered into a non-binding letter of intent whereby the Company intends to acquire 100% of Loud Seeds, LLC and all of its related assets (the "Loud Seeds Transaction"). As consideration for the Loud Seeds Transaction, the Company intends to distribute $2,000,000 in Common Shares of the Company to the shareholders of Loud Seeds, LLC. Completion of the Loud Seeds Transaction is subject to the satisfaction of several conditions, including completion of due diligence by the Company and obtaining all required regulatory approvals.

On October 29, 2018, the Company hosted a Job Fair in the City of Coalinga, California ("Coalinga") that generated a turnout of approximately 180 people. The Job Fair was executed in partnership with the City of Coalinga Mayor, Police Chief and City Manager and will generate a significant portion of the staff expected to operate the Company's 35,000 square foot facility that is near completion. See the Company Overview for additional detail on the facility.

The Company wishes to emphasize the importance of the going concern assumption which can be referenced in Note 1 of the September 30, 2018 consolidated condensed interim financial statements and the Liquidity and Capital Resources section of this MD&A.

Results of Operations

	Three months ended		Nine months ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Expenses				
Bank charges	$ 1,524	$ 126	$ 6,146	$ 126
Directors fees	13,115	-	32,765	-
Foreign exchange loss (gain)	150,462	-	(9,110)	-
General office	67,498	571	106,960	571
Insurance	70,943	-	70,943	-
Investor relations and communications	350,527	-	418,596	-
Legal, accounting and consulting	160,265	26,729	291,991	26,729
Management fees (Note 13)	60,194	-	171,069	-
Outside services	36,093	-	72,018	-
Regulatory and filing fees	3,109	-	5,078	-
Salaries and benefits	22,058	-	58,423	-
Stock-based compensaton (Note 13)	343,691	-	570,942	-
Travel	89,947	-	202,017	-
Total Expenses	1,369,426	27,426	1,997,838	27,426
Net loss before undernoted item	$ (1,369,426)	$ (27,426)	$ (1,997,838)	$ (27,426)
Interest income	69,043	-	90,315	-
Net loss for the period	**(1,300,383)**	**(27,426)**	**(1,907,523)**	**(27,426)**

For the three month period ended September 30, 2018 and 2017

The net loss for the three month period ended September 30, 2018 was $1,300,383 compared to a net loss of $27,426 for the same period in 2017. The net loss was due primarily to:

- $95,367 in management and directors fees paid to the current management for services rendered in connection to its operations and business development activities;
- $89,947 in travel related costs relating mainly due to financings during the period;
- $343,691 due to stock-based compensation;
- $196,358 of professional fees relating to compliance, consulting, accounting and legal fees;
- $350,527 of investor relation, marketing and communication costs
- $72,467 of costs relating to insurance and bank fees
- $150,462 related to foreign exchange loss
- Interest income of $69,043; and
- The remaining net loss was due to $70,607 of general business expenses.

The net loss in 2017 is related to $26,729 of professional fees and $697 of general business expenses.

For the nine month period ended September 30, 2018 and 2017

The net loss for the nine month period ended September 30, 2018 was $1,907,523 compared to a net loss of $27,426 for the same period in 2017. The net loss was due primarily to:

- $262,257 in management and directors fees paid to the current management for services rendered in connection to its operations and business development activities;
- $202,017 in travel related costs relating mainly due to financings during the period;
- $570,942 due to stock-based compensation;
- $364,009 of professional fees relating to compliance, consulting, accounting and legal fees;
- $418,596 of investor relation, marketing and communication costs
- $77,089 of costs relating to insurance and bank fees
- Interest income of $90,315; and
- The remaining net loss was due to $102,928 of general business expenses.

The net loss in 2017 is related to $26,729 of professional fees and $697 of general business expenses.

Selected Quarterly Information

The following table sets out selected quarterly information for the last 8 completed fiscal quarters of the Company:

	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016
Revenue	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operating expenses	(1,369,426)	(489,904)	(138,508)	(53,513)	(27,426)	-	-	-
Net comprehensive loss	(1,223,159)	(378,890)	(276,901)	(53,513)	(27,426)	-	-	-
Basic and diluted loss per share	$ (0.01)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total assets	23,794,953	24,735,895	12,247,166	378,436	-	-	-	-
Current Liabilities	176,348	306,461	69,189	44,835	-	-	-	-
Total Liabilities	176,348	306,461	69,189	44,835	-	-	-	-
Shareholders' equity	23,618,605	24,429,434	12,177,977	333,601	(14,925)	-	-	-
Dividends declared	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Factors that can or have caused fluctuations in the Company's quarterly results include the timing of stock option grants, when issued, and foreign exchange gains or losses related to the Company's holding of U.S. dollar denominated working capital items. Since the Company is in the development stage and does not generate any revenue, the Company believes that its losses and loss per share are not a primary concern to investors in the Company.

Liquidity and Capital Resources for the Nine Month Period Ended September 30, 2018

The Company's objective when managing its liquidity and capital resources are to generate sufficient cash to fund the Company's development, operating and organic growth opportunities. The Company secured new equity investments during and subsequent to the end of the first quarter of 2018 to finance the development of the business as well as facilitating ongoing operations.

As at September 30, 2018, the Company's cash position was $7,465,029 compared to $290,421 at December 31, 2017. Working capital at September 30, 2018 was $8,424,283 compared to $333,601 at December 31, 2017. The increase in working capital was due primarily to $20,038,725 in net proceeds from the private placements.

The Company used $1,655,214 of cash in operating activities during the nine months ended September 30, 2018 compared to $45,992 for the same period in 2017.

The Company is nearing completion of the construction of Facility A, a 35,000 square foot in-door nursery and grow in the City of Coalinga, CA.

To fund the construction, the Company completed the following equity investments:

- In January 2018, the Company completed a private placement of 14,866,667 common shares at a subscription price of $0.005 per Share for gross proceeds of $74,333.

- In February 2018, the Company completed a private placement of 9,133,333 common shares at a subscription price of $0.02 per Share for gross proceeds of $182,385 and incurred $1,783 in share issuance costs.

- In March 2018, the Company completed a private placement of 8,882,880 common shares at a subscription price of $0.10 per Share for gross proceeds of $888,091 and incurred $8,303 in share issuance costs.

- In May 2018, the Company completed a private placement for a total of 40,407,524 units at a price of $0.35 per unit for gross proceeds of $14,078,208. Each unit consisted of one common share and one half of one non-transferable share purchase warrant. Each warrant entitles the holder to purchase one common share at an exercise price of $0.60 per share for 18 months after issuance. The Company issued 20,203,768 common share purchase warrants, and incurred $1,174,634 in share issuance costs, including $957,051 in finder's fees.

- In June 2018, the Company completed a private placement for a total of 11,019,171 units at a price of $0.60 per unit for gross proceeds of $6,626,789. Each unit consisted of one common share and one half of one non-transferable share purchase warrant. Each warrant entitles the holder to purchase one common share at an exercise price of $1.00 per share for 18 months after issuance. The Company issued 5,509,587 common share purchase warrants and incurred $594,729 in share issuance costs including, $436,289 in finder's fees.

On April 5, 2018, the Company, through its wholly-owned US subsidiary, Crossgate Capital US Holdings Corp. completed the acquisition of 100% of the issued and outstanding shares of NGW Holdings, LLC ("NGW") by issuing 25,000,000 common shares at a deemed value of $0.10 per common share and 10,000,000 escrow performance shares at a fair value of $1,960,000 to the NGW shareholders.

On April 18, 2018, the Company granted 4,625,000 options to employees, directors and consultants with an exercise price of $0.35 per share which vest 25% at the end of every 6 months for a period of 24 months and with a term of 5 years.

On July 24, 2018, the Company granted 350,000 options to an employee at an exercise price of $0.60 per share which vest 25% at the end of every 6 months for a period of 24 months and with a term of 5 years.

On October 18, 2018, the Company granted:

- 1,378,000 options to consultants and with an exercise price of $0.75 per share which vest 25% at the end of every 3 months for a period of 12 months, and with a term of three years.

- 200,000 options to a consultant and with an exercise price of $0.75 per share which vest 50% after 9 months and then 50% after 18 months, and with a term of three years.

- 250,000 options to employees with an exercise price of $0.75 per share which vest 25% at the end of every 6 months for a period of 24 months, and with a term of five years.

Subsequent to September 30, 2018:

- 256,441 warrants were exercised at a price of $0.60 per share for proceeds of $153,865.
- 217,142 common shares were returned to treasury
- 144,250 common shares were issued to consultants and IR service providers at a price of $0.75.

The Company currently does not have any source of revenue and expects to finance its operations through the issue of common shares until such time the Company completes the construction of facilities on the Properties and commences generating revenues from its operations. The Company's ability to reach profitability is dependent on the successful implementation of its business strategy. While management is confident in the success and profitability of the business, there can be no assurance that the Company will gain adequate acceptance for its products or be able to generate sufficient gross margins to reach profitability. The Company periodically evaluates opportunities to raise additional funds through either the public or private placement of equity capital to strengthen its financial position and to provide sufficient working capital for growth and development of its business.

Off-Balance Sheet Arrangements and Contractual Obligations

The Company does not have any off-balance sheet arrangements or contractual obligations.

Related Party Transactions

A summary of compensation for directors, officers and key management personnel is as follows:

	Nine months ended		**Three months ended**	
	September 30, 2018	**September 30, 2017**	**September 30, 2018**	**September 30, 2017**
Management Fee (1)	$ 100,000	$ -	$ 39,000	$ -
Director and Consulting Fees (2)	194,500	26,729	49,500	26,729
Options (3)	484,819	-	264,447	-
Total	$ 779,319	$ 26,729	$ 352,947	$ 26,729

1) The CEO's Management Fee is included in Management fees on the Consolidated Condensed Interim Statements of Loss and Comprehensive Loss for each of the periods.

2) Director and Consulting fees paid to the directors and officers of the Company to provide accounting, management consulting and director services. These fees are included on the Consolidated Condensed Interim Statements of Loss and Comprehensive Loss for each of the periods.

3) Amounts recognized for related party stock-based compensation are included in Share-based payments on the Consolidated Condensed Interim Statements of Loss and Comprehensive Loss for each of the periods.

Outlook

Construction of a 35,000 square foot indoor grow facility ("Facility A") is scheduled to be completed in Q1 2019 at an expected cost of approximately $10.0 million (USD$8.0 million). The Company expects to fund the construction with its current cash position. Upon completion of construction, the Company will commence revenue generating seed to sale activities from its eight permits.

In 2019, the Company plans to start construction of a 50,000 square foot facility ("Facility B"), which is immediately adjacent to Facility A to accommodate the expansion of the nursery, flower manufacturing and distribution operations and is expected to be operational in early 2020. NGW anticipates that it will require additional funding to fully finance the Facility B expansion project. for which additional funding may be required.

The Company plans to retrofit Facility C to accommodate the Company's commercial extraction, infusion and distribution operations for cannabis oils, cannabis extracts, cannabinoid infused products , and facility research and development cannabis projects. Commercial operations for Facility C are expected to commence in 2019.

The Company is evaluating plans to construct up to a 250,000 square foot mixed light greenhouse on Lot D ("Facility D"). The Company anticipates completion of Facility D in late 2020 with commercial operations anticipated to commence early 2021. The Facility D project will primarily be financed through revenue generated from Project A and Project B and would be subject to receiving approval from the municipal and state regulatory board(s).

Legal Proceedings

The Company is not aware of any legal proceedings or claims where there is at least a reasonable possibility that a material loss may be incurred.

Critical Accounting Estimates

The preparation of the Financial Statements in conformity with IFRS requires management to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the consolidated financial statements relate to the fair value measurements for inventory, estimated useful lives and depreciation of property, plant and equipment, valuation of intangibles, and determination of functional currency within each entity.

Changes in Accounting Policies – Financial Instruments

The Company adopted all of the requirements of IFRS 9 Financial Instruments ("IFRS 9") as of January 1, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company's accounting policy with respect to financial liabilities is unchanged. As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that continued to be recognized at the date of initial application. The change did not impact the carrying value of any financial assets or financial liabilities on the transition date.

The following is the Company's new accounting policy for financial instruments under IFRS 9:

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The Company completed a detailed assessment of its financial assets and liabilities as at January 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial asset / liabilities	Original classification IAS 39	New classification IFRS 9
Cash	Amortized cost	Amortized cost
Other receivable	Amortized cost	Amortized cost
Account payable and accrued liabilities	Amortized cost	Amortized cost

The Company did not restate prior periods as it recognized the effects of retrospective application to shareholders' equity at the beginning of the 2018 annual reporting period, which also includes the date of initial application. The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor to the opening balance of accumulated comprehensive income on January 1, 2018.

(i) Measurement of financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL. Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of net (loss) income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of net (loss) income in the period in which they arise.

(ii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of net (loss) income, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iii) Derecognition of financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of net (loss) income.

Outstanding Share Data

The Company's authorized share capital consists of an unlimited number of Common Shares without par value. As at the date of this MD&A:

Common Shares*	120,743,124
Incentive Stock Options	6,803,000
Warrants	27,812,490
Fully Diluted Shares	*155,358,614*

* 54,274,500 common shares are held in escrow as of the date of this MD&A

Risks and Uncertainties

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash and short-term investments are exposed to credit risk. The Company reduces its credit risk on cash and short-term investments by placing these instruments with institutions of high credit worthiness. As at September 30, 2018, the Company's exposure is the carrying value of the financial instruments.

The Company's maximum exposure to credit risk is the carrying value of its cash.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company manages liquidity by maintaining adequate cash balances to meet liabilities as they become due.

The Company maintained cash and cash equivalent at September 30, 2018 in the amount of $7,465,029 (December 31, 2017 - $290,421) in order to meet short-term business requirements. At September 30, 2018, the Company had accounts payable and accrued liabilities of $176,348 (December 31, 2017 - $44,835). Accounts payable and accrued liabilities bear no interests and have no fixed terms of repayments.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange. The Company believes interest rate risk is not material. The Company is exposed to foreign exchange risk as it conducts business in both the United States and Canada. Management monitors its foreign currency balances, the Company does not engage in any hedging activities to reduce its foreign currency risk. At September 30, 2018, the Company was exposed to currency risk through the following monetary assets and liabilities in US Dollars.

	US$
Cash and cash equivalent	$2,891,974
Accounts payable and accrued liabilities	$(9,972)

Based on the net exposure and assuming all other variables remain constant, a 10% change in the appreciation or depreciation of the US dollar relative to the CDN dollar would change the total loss and comprehensive loss by approximately US$288,200. The Company currently does not plan to enter into any foreign exchange contracts to mitigate this risk.

Risk Factors

The following information is a summary only and the risks and uncertainties below are not the only ones related to our Company but are related to the industry at large. There are additional risks and uncertainties that our Company does not presently know of or that our Company currently considers immaterial which may also impair our Company's business operations. If any of the following risks actually occur, our Company's business may be harmed and its financial condition and results of operations may suffer significantly. In such circumstances, the price of our Company's common shares could decline and investors may lose all or part of their investment.

Access to Capital

As of September 30, 2018, the Company had cash of $7,465,029 and a net loss of $1,907,523 for the nine months ended September 30, 2018. As such, the Company may require additional financing in the near future develop and to expand its business operations. The Company and may not be able to obtain financing when required. Obtaining additional financing would be subject to a number of factors, including our Company's ability to initially attract investments prior to substantial revenue generation, and thereafter the Company's ability to grow its operations. If the Company is unable to continue as a going concern, investors will likely lose all of their investments in the Company.

Key Personnel

The future success of the Company will depend, in large part, upon its ability to retain its key management personnel and to attract and retain additional qualified finance, marketing, sales and operational personnel. The talent pool in the industry in which the Company operates is shallow given the infancy of the industry. Therefore, the Company may not be able to enlist, train, retain, motivate and manage the required personnel without substantial incentives. Like any other business, the inability to attract and retain personnel, particularly marketing, sales and operational personnel, could make it difficult for the Company to manage its business and meet its objectives.

Competition

The market for the Company's products is intensely competitive and subject to rapid regulatory, technological, market and consumer changes. Larger competitors with longer operating histories and greater financial, marketing and other resources could develop and market new products which could render the Company's products less competitive. Due to the high level of competition in the cannabis industry, the Company might face challenges in retaining its customers, which would harm its financial condition and operating results. In addition, because the industry in which the Company operates is not particularly capital intensive, there is low barrier to entry in this industry, making it relatively easy for new competitors to emerge that could compete with the Company. However, management believes that with the subsequent events that are reported herein, the Company should be able to effectively compete in a market where the barriers to entry have been significantly raised. Although the capital demands are still significant, the barrier to entry should permits the Company to compete at prices that are favorable.

Product Recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of the Company's products are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Company has a limited operating history from which investors can evaluate its business and therefore an inherent risk in investing in such a Company.

International Operational Risks, Including Compliance and Foreign Exchange Risk

The Company expects to derive a significant portion of its revenues from sales outside of Canada, thus exposing its business to risks associated with foreign operations. For example, a foreign government could impose trade or foreign exchange restrictions or increased tariffs, or otherwise limit or restrict its ability to import products into a country, any of which could negatively impact our Company's operations. The Company is also exposed to risks

associated with foreign currency fluctuations. In addition, the Company may be subject to regulations and taxes under local, provincial, state and federal laws, including requirements regarding customs, duties, cross-border issues, occupational safety, laboratory practices, environmental protection and hazardous substance control, and may be subject to other present and future local and foreign regulations. Changes in government regulations could also have an adverse effect on the business and financial condition of our Company.

Dependence on Penetration of Existing Markets

The success of the Company's business is to a large extent contingent on its ability to penetrate existing markets and to a similar extent to enter into new markets. The Company's ability to penetrate existing markets or to expand its business into additional countries, to the extent it believes that it has identified attractive geographic expansion opportunities in the future, is subject to numerous factors, many of which are out of its control. In addition, government regulations in both its domestic and international markets can delay or prevent the introduction, or require the reformulation or withdrawal, of some of its products, which could negatively impact its business, financial condition and results of operations.

Changing Consumer Preferences and Demands

The Company's business is subject to changing consumer trends and preferences. The Company's continued success depends in part on its ability to anticipate and respond to these changes, and it may not respond in a timely or commercially appropriate manner to such changes. Furthermore, the Company's industry is characterized by rapid and frequent changes in demand for products and new product introductions and enhancements. If the Company does not introduce new products or make enhancements to meet the changing needs of its customers in a timely manner, some of our company's products could be rendered obsolete, which could negatively impact the Company's revenues, financial condition and operating results.

Compliance with Laws and Governmental Regulations

In domestic and foreign markets, the formulation, manufacturing, packaging, labeling, distribution, importation, exportation, licensing, sale and storage of the Company's products may be affected by extensive laws, governmental regulations, administrative determinations, court decisions and similar constraints. There can be no assurance that our company is in compliance with all of these regulations. The failure to comply with these regulations or new regulations could disrupt the sale of the Company's products, or lead to the imposition of significant penalties or claims and could negatively impact our company's business. In addition, the adoption of new regulations or changes in the interpretations of existing regulations may result in significant compliance costs or discontinuation of product sales and may negatively impact the marketing of the Company's products, resulting in significant loss of sales revenues.

Conflicts of Interest

The Company's directors and officers may serve as directors or officers, or may be associated with, other reporting companies, or have significant shareholdings in other companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding on terms with respect to the transaction. If a conflict of interest arises, the Company will follow the provisions of the Canada Business Corporation Act dealing with conflicts of interest. The Canadian corporate statutes specifically require each director (and officer) to disclose in writing (or request to have entered in the minutes of the board meeting) the nature and extent of the director's interest in a material contract or transaction or in a proposed one with the corporation. The statutes further require the director to refrain from voting on a resolution to approve the contract or transaction except in narrow circumstances as defined in the act. In all circumstances, the directors and officers of the Company are required to act honestly, in good faith, and in the best interest of the Company.

Medical or Recreational Cannabis production and distributions are illegal under U.S. Federal Law
Unlike in Canada which has federal legislation uniformly governing the cultivation, distribution, sale and possession of medical marijuana under the *Access to Cannabis for Medical Purposes Regulations*, investors are cautioned that in the United States, marijuana is largely regulated at the state level. Although certain states and territories of the U.S. authorize medical or recreational cannabis production and distribution by licensed or registered entities, under U.S. federal law, the possession, use, cultivation, and transfer of cannabis and any related drug paraphernalia is illegal, and any such acts are criminal acts under federal law under any and all circumstances under the U.S. *Controlled Substances Act*. An investor's contribution to and involvement in such activities may result in federal civil and/or criminal prosecution, including forfeiture of his, her entire investment.

Cessation of Cannabis Operation
As the production and sale of recreational cannabis remain illegal under U.S. federal law, it is possible that the Company may be forced to cease operations of its U.S. cannabis business. The U.S. federal government, through the Department of Justice ("**DOJ**"), Drug Enforcement Agency ("**DEA**") and Internal Revenue Service ("**IRS**"), has the right to actively investigate, prosecute, audit and shut-down marijuana growing facilities, processors and retailers. The U.S. federal government may also attempt to seize the Company's property. Any action taken by the DOJ, DEA and/or the IRS to interfere with, seize, or shut down a tenant's operations will have an adverse effect on the Company's business, operating results and financial condition.

In addition, since the possession and use of cannabis and any related drug paraphernalia is illegal under U.S. federal law, the Company may be deemed to be aiding and abetting illegal activities through the contracts it has entered into and the products that it intends to provide. As a result, U.S. law enforcement authorities, in their attempt to regulate the illegal use of cannabis and any related drug paraphernalia, may seek to bring an action or actions against the Company, including, but not limited to, aiding and abetting another's criminal activities. The Federal aiding and abetting statutovides that anyone who "commits an offense against the United States or aids, abets, counsels, commands, induces or procures its commission, is punishable as a principal." As a result of such an action, the Company may be forced to cease operations and its investors could lose their entire investment. Such an action would have an adverse material negative effect on the Company's business and operations.

Regulatory Changes Affecting Cannabis Operations
The Company's business activities rely on newly established and developing laws and regulations in the State of California. These laws and regulations are rapidly evolving and subject to change with minimal notice. Regulatory changes, including changes in the interpretation and/or administration of applicable regulatory requirements may adversely affect the Company's profitability or cause it to cease operations entirely. Any determination that the Company's business fails to comply with California's cannabis regulations would require the Company either to significantly change or terminate its business activities, which would have a material adverse effect on the Company's business.

The cannabis industry may come under the scrutiny or further scrutiny by the U.S. Food and Drug Administration, Securities and Exchange Commission, the DOJ, the Financial Industry Regulatory Advisory or other federal, the State of California or other applicable state or nongovernmental regulatory authorities or self-regulatory organizations that supervise or regulate the production, distribution, sale or use of cannabis for medical or nonmedical purposes in the United States. It is impossible to determine the extent of the impact of any new laws, regulations or initiatives that may be proposed, or whether any proposals will become law. The regulatory uncertainty surrounding the Company's industry may adversely affect the business and operations of the Company, including without limitation, the costs to remain compliant with applicable laws and the impairment of its ability to raise additional capital, which could reduce, delay or eliminate any return on investment in the Company.

Laws affecting Banking Regulations in Cannabis Industry
In February 2014, the Financial Crimes Enforcement Network ("**FinCEN**") bureau of the U.S. Treasury Department issued guidance (which is not law) with respect to financial institutions providing banking services to cannabis businesses, including burdensome due diligence expectations and reporting requirements. This guidance does not provide any safe harbors or legal defenses from examination or regulatory or criminal enforcement actions by the

DOJ, FinCEN or other federal regulators. Thus, most banks and other financial institutions do not appear to be comfortable providing banking services to cannabis-related businesses, or relying on this guidance, which can be amended or revoked at any time by the Trump Administration. In addition to the foregoing, banks may refuse to process debit card payments and credit card companies generally refuse to process credit card payments for cannabis-related businesses. As a result, the Company may have limited or no access to banking or other financial services in the United States, and may have to operate the Company's business on an all-cash basis. The inability or limitation in the Company's or the License Holders' ability to open or maintain bank accounts, obtain other banking services and/or accept credit card and debit card payments may make it difficult for the Company or the License Holders to operate and conduct its business as planned.

Because the manufacture, distribution, and dispensation of cannabis remains illegal under the CSA, banks and other financial institutions providing services to cannabis-related businesses risk violation of federal anti-money laundering statutes (18 U.S.C. §§ 1956 and 1957), the unlicensed money-remitter statute (18 U.S.C. § 1960) and the U.S. Bank Secrecy Act. These statutes can impose criminal liability for engaging in certain financial and monetary transactions with the proceeds of a "specified unlawful activity" such as distributing controlled substances which are illegal under federal law, including cannabis, and for failing to identify or report financial transactions that involve the proceeds of cannabis-related violations of the CSA. The Company may also be exposed to the foregoing risks. In the event that any of the Company's investments, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such investments in the United States were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above or any other applicable legislation. This could restrict or otherwise jeopardize 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 in the foreseeable future, in the event that a determination was made that any such investments in the United States could reasonably be shown to constitute proceeds of crime, the Company may decide or be required to suspend declaring or paying dividends without advance notice and for an indefinite period of time.

Enforcement of Intellectual Property Rights

As long as cannabis remains illegal under U.S. federal law as a Schedule I controlled substance pursuant to the CSA, the benefit of certain federal laws and protections which may be available to most businesses, such as federal trademark regarding the intellectual property of a business, may not be available to the Company. As a result, the Company's intellectual property may never be adequately or sufficiently protected against the use or misappropriation by third-parties. In addition, since the regulatory framework of the cannabis industry is in a constant state of flux, the Company can provide no assurance that it will ever obtain any protection of its intellectual property, whether on a federal, state or local level.

Enforcement of Contracts

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.

Additional information

Additional information relating to the Company is available on SEDAR at www.sedar.com or at the Company's website (www.nextgreenwave.com), , or at info@nextgreenwave.com.

Shareholder Information

Stock Exchange Listing – CSE : NGW

Registrar and Transfer Agent

National Issuer Services Ltd.

Investor Contacts

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