Management Discussion and Analysis
For the three and six months ended March 31, 2019

The following Management's Discussion and Analysis ("**MD&A**") of financial condition and results of operations relates to the unaudited interim condensed consolidated financial statements for the three and six months ended March 31, 2019 (the "**MD&A Financial Period**") of MPX International Corporation ("**MPXI**" or the "**Corporation**"). This MD&A should be read together with the Corporation's unaudited interim condensed consolidated financial statements for the period October 1, 2018 to March 31, 2019 (the "**Interim Financial Statements**"), including the notes thereto. This MD&A should be read together with MPX Bioceutical Corporation's Management Information Circular dated December 11, 2018. This MD&A contains forward-looking statements that involve risks, uncertainties and assumptions, including statements regarding anticipated developments in future financial periods and the Corporation's plans and objectives. There can be no assurance that such information will prove to be accurate, and readers are cautioned not to place undue reliance on such forward-looking statements. See "Forward-Looking Statements" and "Risk Factors".

Basis of Presentation

The Interim Financial Statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"), which requires management to make certain estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the amount of revenue and expenses incurred during the reporting period. The results of operations for the periods reflected herein are not necessarily indicative of results that may be expected for future periods. Unless otherwise stated, all dollar amounts are expressed in Canadian dollars. This MD&A has been prepared in accordance with the MD&A disclosure requirements established under National Instrument 51-102 *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

Forward-Looking Information

Certain statements in this MD&A may contain "forward-looking information", within the meaning of applicable securities laws, including "safe harbour provisions" of the *Securities Act* (Ontario) with respect to the Corporation and its subsidiaries. Such statements include, but are not limited to, statements about the growth of the business, production and revenue expectations and the licensing of facilities. These statements are subject to certain risks, assumptions and uncertainties that could cause actual results to differ materially from those included in the forward-looking statements. The words "believe", "plan", "intend", "estimate", "expect", or "anticipate" and similar expressions as well as future or conditional verbs such as "will", "should", "would", and "could" often identify forward-looking statements. The Corporation has based these forward-looking statements on its current views with respect to future events and financial performance. With respect to forward-looking statements contained in this MD&A, the Corporation has made assumptions and applied certain factors regarding, amongst other things, future cannabis pricing; cannabis cultivation yields; costs of inputs; its ability to market products successfully to its anticipated clients; reliance on key personnel and contracted relationships with 3rd parties; the regulatory environment in Australia, Belgium, Canada, Malta, Switzerland and other international jurisdictions, such as South Africa; the application of federal, state,

provincial, county and municipal laws; and the impact of increasing competition.

These forward-looking statements are also subject to the risks and uncertainties discussed in the "Risks and Uncertainties" section and elsewhere in this MD&A and other risks detailed from time to time in the publicly-filed disclosure documents of the Corporation which are available at www.sedar.com. Forward-looking statements are not guarantees of future performance and involve risks, uncertainties and assumptions which could cause actual results to differ materially from the conclusions, forecasts or projections anticipated in these forward-looking statements. Because of these risks, uncertainties and assumptions, the reader should not place undue reliance on these forward-looking statements. The Corporation's forward-looking statements are made only as of the date of this MD&A and, except as required by law, MPXI undertakes no obligation to update or revise these forward-looking statements to reflect new information, future events or circumstances.

NOTICE TO READER

Notice Regarding New Legislation

On October 17, 2018, the Access to Cannabis for Medical Purposes Regulations (the "**ACMPR**") was replaced by the *Cannabis Act* (Canada) (the "**Cannabis Act**") and the regulations pursuant thereto. This MD&A specifically notes situations where the Cannabis Act, effective October 17, 2018, applies.

BUSINESS OVERVIEW

MPXI is a vertically integrated cannabis company focused on the Canadian and global medical and adult use cannabis markets. Our operations span significant portions of the cannabis value chain, from cultivation through manufacturing and product development and marketing of cannabis-based products that contain cannabinoids as their primary active ingredient.

In Canada, Canveda Inc. ("**Canveda**"), a wholly-owned subsidiary of MPXI, is currently authorized to sell our cannabis-based products to licenced producers and provincial government agencies through wholesale arrangements and is in the process of acquiring necessary licences to sell our products direct to Canadian patients and consumers. We are in the process of developing extraction and formulation capabilities for our cannabis-based products, following which our operations will span the entire cannabis value chain. Additionally, the intellectual property agreement between MPXI and MPX Bioceutical ULC (formerly MPX Bioceutical Corporation) ("**MPX**"), a wholly-owned subsidiary of iAnthus, dated February 5, 2019 (the "**MPX IP Agreement**") grants MPXI a royalty free, exclusive and perpetual license to MPX's brand, intellectual property, extraction and formulation, standard operating procedures and production technologies worldwide, other than the United States, including all the SOP's, formulations and manufacturing know-how for the production of over 2,000 cannabis-based products that have been successfully marketed in the United States (the "**MPX License**").

Through Canveda, the Corporation plans to produce and distribute three main types of products: (1) cannabis flower; (2) cannabis oil concentrate and related products; and (3) cannabis derivatives. MPXI's CO2 oil products will be sold under the brand names 'MPX' and 'Salus' through a number of delivery systems, e-pens, cartridges and dabs. Through Canveda, the Corporation operates a fully constructed 12,000 square foot cannabis processing facility located in Peterborough, Ontario. The Corporation is also in the process of expanding our operations with the construction of a second cultivation, extraction and processing facility in Owen Sound, Ontario. The Owen Sound site is being developed specifically to support the production of more advanced product offerings as described above, including superior extraction and formulation technologies, product development laboratories and facilities for the production of edibles and other consumables. Its Canadian assets provide the foundation for further vertical integration of the Corporation from seed-to-sale, both in Canada and globally.

The Corporation believes that its ongoing strategic relationship pertaining to products and best practices with MPX located in the United States will serve as a valuable resource for the Corporation's continued global expansion into developing cannabis markets. Management's experience across all segments of the cannabis value chain, specifically in relation to extracted products, provides the Corporation with a significant advantage over its Canadian competitors and has optimally positioned the Corporation for significant global growth as the regulatory environment in other jurisdictions continues to evolve. The Corporation intends to create a network of tissue culture, cultivation, extraction, manufacturing and retail facilities in the European Union, with an initial focus on Belgium and Malta, Switzerland, the United Kingdom, and other international jurisdictions such as Australia and South Africa, and to export its products around the world subject to receiving applicable approvals from the applicable governments for export and import.

CORPORATE STRUCTURE AND HISTORY

The Corporation was incorporated under the name "2660528 Ontario Inc." under the OBCA by articles of incorporation dated October 17, 2018. Articles of amendment were filed on November 13, 2018 to, among other matters, change the name of the Corporation to "MPX International Corporation" and its common shares (the "**MPXI Shares**") commenced trading on the Canadian Securities Exchange under the ticker symbol "MPXI" on February 6, 2019. MPXI's registered office is located at 5255 Yonge Street, Suite 701, Toronto, Ontario M2N 6P4, Canada.

MPXI acquired from MPX all of the Non-U.S. MPX Assets (defined below) pursuant to an arrangement agreement, as amended, among, inter alia, iAnthus Capital Holdings Inc. ("**iAnthus**") and MPX, dated October 18, 2018 (the "**Arrangement Agreement**"), and a subsequent plan of arrangement between MPXI, MPX and iAnthus, pursuant to the *Business Corporations Act* (British Columbia), dated February 5, 2019 (the "**Arrangement**"). Subsequently, pursuant to the MPXI IP Agreement, MPXI acquired the MPX License.

The "Non-U.S. MPX Assets" include, among other things: each of Salus BioPharma Corporation ("**Salus BioPharma**"), BioCannabis Products Ltd. ("**BioCannabis**"), Canveda, a 50% stake in MPX Australia Pty Ltd. ("**MPX Australia**"), Spartan MP Wellness Corporation ("**Spartan**" and, together with MPX Australia, Salus BioPharma, BioCannabis and Canveda, the "**MPXI Subsidiaries**") and the assets held by the above-listed entities and any tax-loss carry forwards belonging to MPX and the MPXI Subsidiaries. The Non-U.S. MPX Assets also include an industry partner participation and sponsorship agreement between Volteface, an independent, cross party organization that informs the public debate in the United Kingdom about cannabis and MPX, dated September 24, 2018.

Canadian Assets

Canveda Inc.

MPXI is the sole shareholder of Canveda, which is a licensed producer under the Cannabis Act. Canveda has a fully constructed 12,000 square foot facility located in Peterborough, Ontario, that produces high quality cannabis flower (the "**Peterborough Facility**"). Canveda received its sale for medical purposes and standard processing licences, in respect of the Peterborough Facility, from Health Canada under the Cannabis Act on February 22, 2019 (the "**Peterborough Licence**"). The licence will allow Canveda, conditional upon Health Canada's final pre-sales inspection, to develop its medical patient and product strategy and to commence selling their own products directly to registered patients for medical purposes.

Canveda received its cultivation license on June 12, 2017 and applied on October 15, 2018 for an amendment to its license to produce cannabis oil using ethanol. Canveda has also applied for a sales license to distribute cannabis products in Canada under the provisions of the Cannabis Act. MPXI expects to receive final approval for its sales license during fiscal fourth quarter, which sales license will include approval to produce cannabis oil using ethanol.

Canveda is currently in full production, harvested its initial crop in November 2018, and expects to produce approximately 1,200,000 grams of high-quality cannabis flower using with current cultivation methods per year. In order to expand flower production within the existing structure, a specialized rotary garden system ("**RGS**") will be introduced in one of the larger grow rooms during the fourth fiscal quarter of 2019. Management expects that this RGS will double the yield of flower production per square foot. If the RGS experiment is successful, similar equipment will be installed in the remaining grow rooms by the end of 2019.

BioCannabis Products Ltd.

BioCannabis, a wholly-owned subsidiary of the Corporation, submitted an application to Health Canada to become a licensed producer under Health Canada's Marijuana for Medical Purposes Regulations in October 2014 out of a 72,342 square foot facility in Owen Sound, Ontario (the "**Owen Sound Facility**"). BioCannabis' initial application provided to for inventory of up to 1,500,000 grams and for the sale, delivery, destruction and production of dried marijuana. This application has now been modified under the Cannabis Act to include a standard processing license as well as a medical sales license. On April 24, 2019, BioCannabis received notice from Health Canada that its application had reached the Confirmation of Readiness stage. This stage requires the submission of an evidence package to Health Canada demonstrating that all of the rooms in the applicant's facility are ready, fully secured and ready to function. Upon meeting these requirements, a license will be issued.

BioCannabis holds a lease on the Owen Sound Facility. Upon completion of its first buildout stage, the Owen Sound Facility will encompass an area of 40,000 square feet and will house more than 10 growing rooms, a drying area, a trimming room, a specialized propagation area, a packaging area, a vault, 2 laboratories, an extraction and testing facility, a commercial kitchen, a liquids production unit, a below-grade highly-secure shipping and receiving compound, and administrative offices and staff support areas. The Owen Sound Facility also allows for future expansion up to an additional 402,658 square feet of grow space, for a total of 475,000 square feet. Construction is planned to commence by the end of June 2019 and partial operations are expected to commence by the end of December 2019.

Spartan Wellness Corporation

Spartan, a wholly-owned subsidiary of the Corporation, helps veterans suffering from various ailments, mostly psychological, to reduce or eliminate dependencies on highly addictive and unsafe opioids by directing them towards medical cannabis.

Spartan currently receives sales commissions from licensed producers that supply Spartan's network of veterans with medical cannabis. Veterans benefit from insurance coverage provided by Medavie Blue Cross in cooperation with Veteran Affairs Canada, which provides them with improved access to medical cannabis. Under these policies, veterans are provided with reimbursement coverage for up to 3 grams of cannabis per day. However, Spartan can assist these veterans through the exceptional approval process whereby coverage for up to 10 grams a day can be approved with a favourable decision. As a result of favourable insurance coverage to veterans, the Corporation believes that veterans represent a major market for its medical cannabis products.

Upon the receipt of a sales license by Canveda, the Corporation intends to convert the Spartan patient base to patients of Canveda.

International Assets

Salus BioPharma

Salus BioPharma, a wholly-owned subsidiary of the Corporation, is engaged in the development and production of pharma grade cannabidiol medicinal products, medicinal preparations and medicinal accessories (the "**SALUS Products**").

The SALUS Products, some of which are expected to be manufactured by Panaxia Pharmaceutical Industries Ltd. ("**Panaxia**"), a leading Israeli pharmaceutical company in the cannabis-based treatment space, are high demand, proprietary, smokeless, pharma-grade cannabinoid-based products that were previously not readily available in the United States or Canada. Panaxia is expected to provide the capital and equipment to build out and equip each manufacturing facility and as well as the non-active ingredients and compounds for formulation and packaging of the Salus Products. Salus BioPharma facilitates the provision of raw cannabidiol materials to Panaxia for final product assembly and is responsible for marketing of the SALUS Products manufactured by Panaxia.

The SALUS Products will be sold to patients that suffer from a variety of conditions such as PTSD, chronic pain, cancer, epilepsy, Parkinson's, Alzheimer's, anorexia and HIV/AIDS. To the extent that MPXI receives necessary regulatory approvals in the countries in which it intends to sell the SALUS Products, MPXI will be in a position to offer a variety of standardized, pharma-grade, smokeless, measured dosage products, including:

- Sublingual tablets
- Slow release tablets
- Pastilles
- Rectal suppositories
- Vaginal suppositories
- Skincare Ointments
- Topical patches
- Oral Spray Inhalers

HolyWorld SA

Co-founded in 2017 by celebrity Swiss cannabis pioneer Bernard Rappaz, HolyWorld SA ("**HolyWeed**") is the only Swiss CBD brand officially designated 'Swiss Certified Organic'. HolyWeed is fully verticalized from seed to sale and its product range consists of 100% certified organic, Swiss grown high CBD hemp with up to 1% THC content, and includes the following:

- **Pre-Rolled Product:** Each quality-preserving package contains 5 pre-rolls filled with organic high CBD flowers.

- **CBD Flowers:** High-CBD content flower produced as 4 mood-specific strains with the option of 3.5g or 7g containers.

- **CBD Oil:** CBD oil (tincture) made exclusively from HolyWeed best selection of its high CBD Swiss grown organic certified flowers in order to produce the optimal whole plant full spectrum "Rick Simpson Oil", a CBD oil mixture used to treat diseases such as cancer, Parkinson's and Alzheimer's.

- **Chocolate CBD Cookies:** Each packet contains 3g of CBD spread over 6 cookies. The cookies are made with Swiss-sourced ingredients including chocolate chips from a well-known Swiss Chocolatier.

CBD is widely regarded as a leading health & wellness supplement to improve quality of life on multiple levels. Its benefits have been recorded when used both topically and when ingested allowing for a variety of consumption methods. Products derived from CBD present additional opportunities for sales of CBD health and wellness products in Europe, and other jurisdictions. Many countries are developing separate regulatory regimes for products that are based on CBD and contain less than a prescribed maximum amount of THC. These CBD health and wellness products are expected to be authorized for sale in many jurisdictions through broader distribution channels, and with fewer regulatory restrictions, than products containing higher amounts of THC.

Accordingly, HolyWeed has begun cultivation of certified organic, high-CBD strains of hemp across Switzerland with an expected harvest of over 25,000 kg of dry flower by the end of 2019.

Holyweed is also one of the first companies to have received authorization from the government of Belgium to commercialise CBD products with THC below 0.2% throughout Belgium, and is the only company currently authorized to sell high CBD pre-rolls. Pursuant to the terms of such approval, Holyweed is permitted to sell smokable CBD products in thousands of retail locations, giving HolyWeed a first mover advantage to build a strong brand presence among Belgium's population of 11 million people.

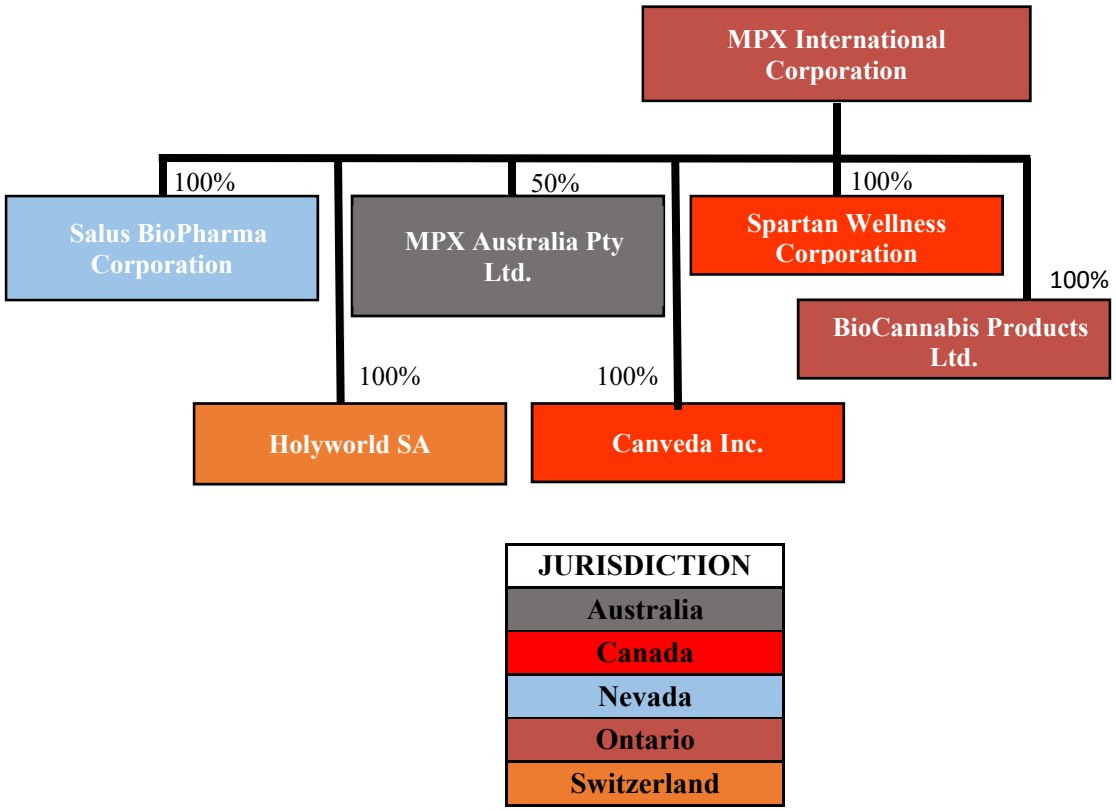
MPXI and HolyWeed will continue expanding in Europe by, among other things, continuing to develop a portfolio of leading cannabis assets internationally and expect to take full advantage of the growing market in Europe for CBD-based products in the short term. Further, HolyWeed and MPXI will work to broaden HolyWeed's product lines to include new cannabis extracts, CBD vaporizers, and cosmetics in order to offer the optimal quality for its loyal and rapidly expanding customer base.

MPX Australia

MPXI is a 50% shareholder of MPX Australia. MPX Australia is applying to the Australian Office of Drug Control for a medicinal cannabis license (cultivation and production) and has commenced construction of a 47,000 square foot indoor facility in Tasmania, Australia which will include a high-tech plant tissue culture lab, and cultivation, extraction and processing facilities. The Australian project will target the growing domestic market as well as the emerging markets in New Zealand, the rest of Oceania and Southeast Asia. Australian products are highly regarded in the region.

Corporate Organization Chart

The following chart identifies our material subsidiaries, their applicable governing jurisdictions and the percentage of their voting securities which are beneficially owned, or controlled or directed, directly or indirectly, by the Corporation:



Corporate Highlights

Stock Option Grant

On February 26, 2019, the Corporation granted a total of 3,175,000 stock options to purchase MPXI Shares of the Corporation to officers, directors, employees and consultants of the Corporation and its subsidiaries at an exercise price of $0.59 per MPXI Share and expiring on February 26, 2024. The grant is subject to regulatory approval.

Spring 2019 Convertible Debenture Private Placement Offering

On March 25, 2019, MPXI completed its non-brokered private placement offering (the "**Offering**") of units (the "**Units**") of the Corporation. The Offering was increased from C$20,000,000 (approximately US$15,000,000) to C$26,905,162 (approximately US$20,200,000) due to increased demand. The Offering consisted of the issuance of 56,052,421 Units issued at a price of C$0.48 per Unit.

Each Unit issued pursuant to the Offering consists of one MPXI Share and one common share purchase warrant ("**Warrant**"). Each Warrant entitles the holder thereof to acquire one MPXI Share at a price of C$0.60 for a period of sixty (60) months from the date hereof, subject to adjustment and acceleration in certain circumstances.

Purchase of all Outstanding Shares of HolyWeed

On May 21, 2019, the Corporation announced that it completed the acquisition of all of the outstanding shares of HolyWeed for a total purchase price of CHF10,000,000 (C$13,384,000 calculated using a deemed exchange rate of C$1.34 for each CHF 1.00) (the "**Purchase Price**").

Pursuant to the terms of the definitive agreement, MPXI satisfied the Purchase Price through the issuance of 25,252,830 MPXI Shares to the shareholders of Holyweed at price of C$0.53 per MPXI Share. 80% of the MPXI shares issued to the shareholders will be placed in a voluntary escrow to be released to the shareholders upon the occurrence of the following:

1. 20% of the MPXI Shares issued to the shareholders will be released to the shareholders upon the official launch and sale of cannabidiol oil on the HolyWeed eCommerce Platform;

2. 20% of the MPXI Shares issued to the shareholders will be released to the shareholders upon Holyweed achieving an annualized revenue run-rate of CHF 5,000,000; and

3. 40% of the MPXI Shares issued to the shareholders will be released to the shareholders upon Holyweed achieving EBITDA of CHF1,600,000.- for the twelve (12) month trailing period.

If the release conditions listed above have not been satisfied by June 30, 2021, any MPXI Shares remaining in Escrow shall be automatically released by the Escrow Agent to MPXI for cancellation.

HolyWeed, which is the only Swiss CBD brand awarded the official 'Swiss Certified Organic' label, has a diverse product range which includes 100% Swiss grown cannabis light/high CBD pre-rolls, dry flowers, sublingual oils and cosmetics, all compliant with Swiss regulations of <1% THC. HolyWeed expects to be harvesting over 25,000 kilograms of high-CBD dry cannabis flowers by the end of 2019. HolyWeed's wholesale distribution network spans more than 4,000 kiosks across Switzerland and will soon expand to wider export markets across Europe. HolyWeed products are also available for sale online and delivered free of charge by courier across Switzerland within 24 hours. HolyWeed also plans to open branded retail stores in Geneva and Zurich.

MPXI's acquisition of HolyWeed represents an important step in the MPXI's expansion strategy by adding a highly recognized brand to its international portfolio. HolyWeed is also one of the largest Western European outdoor cultivators of high-CBD flowers. Complementing the acquisition, MPXI will develop a GMP-certified manufacturing facility to produce CBD extracts and isolates for both HolyWeed and wholesale. The facility will feature a full-scale commercial kitchen and a formulation R&D laboratory, giving MPXI the ability to develop innovative CBD products and to potentially collaborate with local partners.

Malta Acquisition

On April 23, 2019, MPXI Malta Property Ltd. ("**MPXI Malta**"), a Maltese-company in which MPXI indirectly holds 80% equity and Malta-based Bortex Group (20%), entered into a definitive agreement to purchase all outstanding shares of Alphafarma Operations Ltd. ("**Alphafarma**") from Alpha Pharma Limited (the "**Vendor**"). Under the terms of the definitive agreement, the Vendor will transfer the lease for a facility constructed to meet GMP requirements located in Mehriel, just outside of Valletta, the capital city of Malta, as well as the GMP certification acquired by Alphafarma in exchange for the payment of US$1.5 million (approximately C$2,260,800) in cash and the issuance of 1,000,000 MPXI Shares and 300,000 common share purchase warrants to acquire additional MPXI Shares at an exercise price of C$0.63 per MPXI Share for a period of five (5) years.

MPXI Malta has been awarded a letter of intent from Malta Enterprise, the economic development agency for the Republic of Malta, to receive a license to import, extract, produce finished products and distribute cannabis and cannabis derivatives (the "**Malta License**") for medicinal use in Malta and export to certain international markets, in particular the European Union.

The Malta License will be issued by the Malta Medicines Authority upon completion and EU-GMP certification of a cannabis processing facility. Upon receipt of the formal Malta License, MPXI will produce EU-GMP quality cannabis oils and cannabis derivative products and pursue regulated medical cannabis distribution opportunities in the European Union through Salus BioPharma.

The Corporation is expected to invest approximately €3 million (approximately C$4,521,600) for refurbishing the facility, extraction, processing and packaging equipment and working capital as part of the Corporation's strategy to penetrate the emerging EU markets.

SELECTED FINANCIAL INFORMATION

How We Assess the Performance of Our Business

The key financial measures indicated below are used by management in evaluating and assessing the performance of our business. We refer to certain key performance indicators used by management and typically used by our competitors in the medical cannabis market, certain of which are not recognized under IFRS. See "*Non-IFRS Measures and Other Financial Information*" elsewhere in this MD&A as well as "Non-IFRS Measures" below. These include the following key performance indicators:

- Revenue
- Cost of revenues
- Operating expenses
- Adjusted EBITDA (a non-IFRS measure)

IFRS Measures

Revenues

The Corporation primarily operates in the adult use and medical cannabis market which currently includes sales of cannabis flower, cannabis oil concentrate and cannabis-based derivatives. We recognize revenues from sales at the fair value of the consideration received or receivable, net of estimated returns and an estimate of any sales incentives provided to customers, excluding taxes or duty. Revenue is recognized when the customer takes ownership of the product, title has transferred, all the risks and rewards of ownership have transferred to the customer, recovery of consideration is probable, we have satisfied our performance obligations under the terms of the arrangement, and have no ongoing involvement with the sold product. Revenues are recognized when it is probable that the economic benefits will flow to us and the revenues can be reliably measured, regardless of when the payment is received.

Cost of Revenues

Cost of revenues consists of our production costs which are comprised primarily of labour, materials, consumables, supplies, overhead, amortization on production equipment, shipping, packaging and other expenses required to produce cannabis products sold during the period. Cost of revenues related to the transformation of biological assets to the point of harvest are capitalized and included in the fair value measurement of the biological assets. Once goods are sold, the associated capitalized costs are recognized as production costs in the statement of operations for the period.

Cost of revenues also include changes in the fair value of biological assets, which consists of cannabis plants measured at fair value less the cost to sell up to the point of harvest and inclusive of capitalized production costs. Changes in fair value less cost to sell biological assets during the year up to the point of harvest are recognized in the results of operations in the related year. Harvested cannabis is transferred from biological assets to inventory at its fair value less cost to sell up to the point of harvest, which becomes the deemed cost for inventory, and upon sale, the fair value cost adjustment portion is expensed to finished harvest inventory sold. Gross profit (loss) before gain on biological assets represents profit (loss) earned before the net impact of fair value gains (losses) and cost of finished harvest inventory sold that result from the transformation of biological assets.

Operating Expenses

Operating expenses consist of research and development ("**R&D**"), sales and marketing ("**S&M**"), general and administrative ("**G&A**") expenses, and share-based compensation to employees and non-employees. R&D expenses primary include costs related to the development of cannabinoid-based products as well as related salary expenses. S&M expenses include education programs, marketing, promotions and conference and exhibition costs and salary related expenses. G&A expenses primary include legal and professional service fees, other costs related to expanding operations, supporting business development, and general corporate matters, including labour related salary expenses.

Non-IFRS Financial Measures

The Corporation uses "Adjusted Gross Profit" and "Adjusted EBITDA" as financial performance measures in the MD&A, neither of which defined under IFRS. These financial performance measures are computed on a consistent basis for each reporting period and management believes that they provide useful supplemental information to investors.

Adjusted Gross Profit

"**Adjusted Gross Profit**" is a metric used by management which is calculated by removing the non-cash effects of accounting for biological assets and the non-cash effects of accounting for inventory acquired through acquisition at fair value on inventory sold during the period.

Adjusted EBITDA

Management defines "**Adjusted EBITDA**" as the income (loss) from operations, as reported, before interest and tax, adjusted by removing other non-recurring or non-cash items, including the stock-based compensation expense, amortization and depreciation, non-cash occupancy costs, the non-cash effects of accounting for biological assets and the non-cash effect of accounting for inventory acquired through acquisition at fair value. Management believes "Adjusted EBITDA" is a useful financial metric to assess its operating performance on a cash basis before the impact of non-cash items and acquisition related activities.

Selected Financial Information

The following table sets out a summary of results of operations for the financial periods specified below, as well as specific balance sheet data as at the end of each such period:

Selected Results and Earnings	Three months ended March 31,		Six months ended March 31,	
	($) 2019	($) 2018	($) 2019	($) 2018
Revenue	212,201	3,736	468,773	5,544
Gross profit (loss) before fair value adjustments	203,832	2,666	443,153	3,921
Percent of sales	96.1%	71.4%	94.5%	70.7%
Unrealized gain from changes in fair market value of biological assets	64,160	-	349,904	-
Gross profit (loss) after fair value adjustments	267,992	2,666	793,057	3,921
Percent of sales	126.2%	71.4%	169.1%	70.7%
Total operating expenses	(3,663,186)	(252,931)	(5,083,213)	(363,201)
Operating profit (loss)	(3,395,194)	(250,265)	(4,290,156)	(359,280)
Other income (expenses)	(194,451)	53,743	(778,334)	-
Net income (loss)	(3,589,645)	(196,522)	(5,068,490)	(359,280)
Total comprehensive income (loss)	(3,518,229)	(196,522)	(4,992,771)	(359,280)
Basic and diluted net income (loss) per share	(0.10)	-	(0.27)	-
Weighted average number of shares - basic and diluted	33,974,840	-	18,531,731	-

Consolidated statements of financial position	March 31, 2019 ($)	September 30, 2018 ($)
Assets:		
Cash and cash equivalents	30,253,164	164,579
Current assets	32,045,096	646,402
Total Assets	63,219,442	27,216,234
Liabilities:		
Current liabilities	2,799,733	147,162
Total liabilities	6,086,900	1,100,681
Shareholders' equity / owner's net investment	57,132,542	26,115,553

Analysis of Results for the MD&A Financial Period

Revenue

For the three months ending March 31, 2019, MPXI posted revenue of $212,201 (three months ending March 31, 2018 - $3,736). For the six months ending March 31, 2019, MPXI posted revenue of $468,773 (six months ending March 31, 2018 $5,544).

A summary of the Corporation's quarterly revenue since June 30, 2017 is presented below:

Three months ended	Revenue ($)
March 31, 2019	212,201
December 31, 2018	256,572
September 30, 2018	54,799
June 30, 2018	4,771
March 31, 2018	3,736
December 31, 2017	1,808
September 30, 2017	1,757
June 30, 2017	1,424

Of the $468,773 in revenue for the six months ended March 31, 2019, $422,017 was related to commission earned by Spartan Wellness Corporation. The remaining $46,756 was related to CinG-X Corporation. All of the $5,544 in revenue for the six months ended March 31, 2018 was derived from the sale of nutraceutical products by The CinG-X Corporation.

Cost of Revenues

The cost of sales for the six months ended March 31, 2019 and March 31, 2018 includes products and costs related to other products acquired from other producers and sold by the Corporation.

Gross Profit

Gross profit for the three months ending March 31, 2019, before adjustment for the unrealized gain in the fair value of biological assets was $203,832 which represents a gross margin of 96.1%. Gross profit after adjustment for the unrealized gain in the fair value of biological assets was $267,992 calculated at 126.2% of sales. The unrealized gain in fair value of biological assets relates to the first batch of plants in our Canveda facility.

Gross profit for the six months ending March 31, 2019, before adjustment for the unrealized gain in the fair value of biological assets was $443,153, which represents a gross margin of 94.5%. Gross profit after adjustment for the unrealized gain in the fair value of biological assets was $793,057 calculated at 169.1% of sales. The unrealized gain in fair value of biological assets relates to the first batch of plants in our Canveda facility.

Operating Expenses

Operating expenses	Three months ended March 31,		Six months ended March 31,	
	($) 2019	($) 2018	($) 2019	($) 2018
General and administrative	1,916,284	157,166	2,731,358	278,943
Professional fees	435,292	12,388	752,822	(19,558)
Share-based compensation	1,034,694	68,682	1,230,376	89,090
Amortization and depreciation	276,916	14,695	368,657	14,726
	3,663,186	252,931	5,083,213	363,201

Professional fees increased to $435,292 for the three months ended March 31, 2019 as compared to $12,388 in the comparable period. This increase is due to the change in volume and complexity of accounting and legal services required by the Corporation driven by growth, acquisitions and the Arrangement. These fees include expenses related to audit, legal work, government and investor relations, consulting and costs associated with the board of directors of MPXI (the "**Board of Directors**").

Professional fees increased to $752,822 for the six months ended March 31, 2019 as compared to ($19,558) in the comparable period.

As part of the Corporation's incentive stock option plan, the Corporation recognized $1,034,694 of share-based compensation for the three months ended March 31, 2019, as compared to $68,682 in the comparable period. The Corporation granted stock options to employees, directors and officers of the Corporation under the Corporation's stock option plan on February 26, 2019.

For the six months ended March 31, 2019, the Corporation recognized $1,230,376 of share-based compensation, as compared to $89,090 in the comparable period.

The increase in amortization and depreciation relates to intangible and capital assets acquired and the commencement of amortization of the Canveda license during the second quarter of 2019.

General and administrative expenses for the three and six months ended March 31, 2019, are allocated as follows:

General and administrative expenses	Three months ended March 31,		Six months ended March 31,	
	($) 2019	($) 2018	($) 2019	($) 2018
Occupancy costs	121,089	66,464	211,352	133,520
Consulting fees	712,086	(5,941)	832,485	6,632
Office and general	249,232	46,038	507,208	51,822
Repairs and maintenance	27,883	-	31,463	-
Salaries and benefits	477,151	56,686	674,993	79,676
Project costs	34,201	(21,252)	69,515	(21,252)
Sales and marketing	241,683	18,866	317,645	32,068
Regulatory expenses	53,019	(3,695)	86,697	(3,523)
	1,916,284	157,166	2,731,358	278,943

Overall, the increase in general and administrative costs for the three and six months ended March 31, 2019, as compared to the three and six months ended March 31, 2018, was largely due to increases in salaries and benefits, consulting fees to third parties, office, general and occupancy costs due to the onboarding of new acquisitions (Canveda & Spartan) and costs associated with the Corporation's expanding operations.

Other income and expenses

Other (income) and expenses	Three months ended March 31,		Six months ended March 31,	
	($) 2019	($) 2018	($) 2019	($) 2018
Foreign exchange	(46,942)	(53,743)	(80,889)	-
Interest and income	(150)	-	(150)	-
Share of loss of joint venture	15,966	-	72,477	-
Interest and financing charges	419	-	776	-
Accretion expense	28,450	-	102,527	-
Change in fair value of derivative liability	(309,690)	-	51,607	-
Loss on disposal of PPE	-	-	71,037	-
Transaction costs	506,398	-	560,949	-
	194,451	(53,743)	778,334	-

Accretion expense for the three and six months ended March 31, 2019, of $28,450 and $102,527, respectively, primarily relate to the contingent consideration.

The change in the value of derivative liability for the three and six months ended March 31, 2019, of ($309,690) and $51,607, respectively, relates to the contingent consideration.

The Corporation recorded $506,398 and $560,949 in transaction costs for the three and six months ended March 31, 2019, respectively. These costs were mainly related to the Arrangement.

The Corporation recorded losses of $15,966 and $72,477, respectively for the three and six months ended March 31, 2019 in relation to its joint venture, MPX Australia.

For the three and six months ended March 31, 2019, management identified a write-down on equipment from Canveda and have recognized an expense of $71,037.

Non-IFRS Measures

Adjusted EBITDA

Adjusted EBITDA	Three months ended March 31,		Six months ended March 31,	
	($)	($)	($)	($)
	2019	2018	2019	2018
Loss from operations	(3,395,194)	(250,265)	(4,290,156)	(359,280)
Adjustments:				
Share based compensation	1,034,694	68,682	1,230,376	89,090
Amortization and depreciation	276,916	14,695	368,657	14,726
Consulting fees settled by equity instruments	150,737	-	150,737	-
Unrealized gain from changes in fair value of biological assets	(64,160)	-	(349,904)	-
	(1,997,007)	(166,888)	(2,890,290)	(255,464)

Summary of Quarterly Results

Three Months Ended	Total Assets ($)	Revenue ($)	Net Loss ($)
March 31, 2019	63,219,442	212,201	3,589,645[(1)]
December 31, 2018	33,267,270	256,572	1,478,845
September 30, 2018	27,216,234	54,799	1,015,430
June 30, 2018	26,881,870	4,771	557,401
March 31, 2018	339,181	3,736	196,562
December 31, 2017	319,810	1,808	162,717
September 30, 2017	303,075	1,757	268,051
June 30, 2017	260,294	1,424	145,246

Notes:

(1) Net loss of $3,589,645 consists primarily of revenue of $212,201, cost of sales of $8,369 unrealized gain from changes in the fair value of biological assets of $64,160, operating expenses of $3,663,186, foreign exchange gain of $46,942, share of loss of joint venture $15,966, accretion expenses of $28,450, a fair value gain on derivative liabilities of $309,690 and transaction costs of $506,398.

Selected Statement of Financial Position Figures

	March 31, 2019 ($)	September 30, 2018 ($)
Cash and cash equivalents	30,253,164	164,579
Inventory	391,253	66,286
Biological assets	407,227	40,552
Other current assets	993,452	374,985
Non-current assets	31,174,346	26,569,832
Current and long-term debt	3,986,286	-
Accounts payable, accrued liabilities and income tax payable	1,198,837	147,162
Other long-term liabilities	901,777	953,519
Shareholders' equity / owner's net investment	57,132,542	26,115,553

As of March 31, 2019, the Corporation had cash and cash equivalents available of $30,253,164, up from $164,579 at September 30, 2018. This increase from September 30, 2018, was mainly due to cash used in operations of $3,251,357, capital expenditures of $145,376, offset by cash inflows from net cash from financing activities primarily driven by the proceeds from a private placement and funds received pursuant to the Arrangement of $33,485,318.

As of March 31, 2019, the Corporation had inventory of $391,253, up from $66,286 at September 30, 2018. The increase in inventory was driven by gearing up in Canveda for production.

As of March 31, 2019, the Corporation had biological assets of $407,277, up from $40,552 at September 30, 2018. The increase in inventory was driven by gearing up in Canveda for production.

As of March 31, 2019, the Corporation had other current assets of $993,452, up from $374,985 at September 30, 2018. This was due to increases in accounts receivable of $563,880 and an increase in prepaid expenses of $54,587.

As of March 31, 2019, the Corporation had non–current assets of $31,174,346, up from $26,569,832 at September 30, 2018, mainly due to goodwill from the acquisition of Spartan during quarter one. For the same period, property, plant and equipment decreased by $236,772, intangible assets decreased by $144,167, goodwill increased by $5,007,730 (Spartan acquisition), deposits increased by $48,963 and the joint venture decreased by $71,240 (MPX Australia).

As of March 31, 2019, the Corporation had current and long-term debt of $3,986,286, up from $Nil at September 30, 2018. The $3,986,286 relates to the contingent consideration.

As of March 31, 2019, the Corporation had accounts payable and accrued liabilities of $1,198,837 up from $147,162 at September 30, 2018, mainly driven by higher accounts payables and accruals at March 31, 2019.

As of March 31, 2019, the Corporation had other long-term liabilities of $901,777, down from $953,519 at September 30, 2018. This was due to a decrease in lease inducement of $51,742.

As of March 31, 2019, the Corporation had shareholders' equity of $57,132,542. This was made up of share capital of $47,432,009, warrants of $11,277,103, contributed surplus of $1,185,116, accumulated other comprehensive income of $86,997 and accumulated deficit of $2,848,683.

Liquidity and Capital Resources

Overview

The Corporation manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return through enhancing the share value.

The Corporation considers its capital to be total equity. The Corporation manages capital through its financial and operational forecasting processes. The Corporation reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. Selected information is provided to the Board of Directors. The Corporation's capital management objectives, policies and processes have remained unchanged during the financial period for this MD&A. The Corporation is not subject to any external capital requirements.

The Corporation believes it has sufficient liquidity to support continued operations and to meet its short-term liabilities and commitments as they become due. The Corporation manages its liquidity risk by monitoring its operating requirements. The Corporation prepares budget and cash forecasts to ensure it has sufficient funds to fulfill obligations. In managing working capital, the Corporation may, where necessary, limit or control the amount of working capital used for operations or other initiatives, pursue additional financing, manage the timing of its expenditures, or sell assets. The Corporation is not subject to any financial ratio maintenance covenants in its bank borrowings or outstanding debt instruments.

To maintain current operational capacity, additional sources of capital and/or financing will be required to meet planned growth and to fund our development activities. Liquidity will fluctuate based on demand for working capital resources required for these initiatives.

The Corporation is subject to risks and uncertainties that could significantly impair its ability to raise funds through debt or equity or to generate profits sufficient to meet future obligations, operational, or development needs. See "Risk Factors" for information on the risks and uncertainties that could have a negative effect on the Corporation's liquidity.

As at March 31, 2019, the Corporation had cash of $30,253,164 (September 30, 2018 - $164,579) to meet its current liabilities of $2,799,733 (September 30, 2018 - $147,162). The Corporation had working capital of $29,245,363 (September 30, 2018 - $499,240). MPXI is an early-stage corporation.

Financial Instruments

Fair values

The carrying values of cash, accounts receivable, and accounts payable and accrued liabilities approximate their fair values due to their short-term to maturity.

Working Capital

The table below sets out the cash and cash equivalent, working capital (deficit) and current and long-term debt at March 31, 2019:

	March 31, 2019 ($)	September 30, 2018 ($)
Cash and cash equivalents	30,253,164	164,579
Working capital including cash & cash equivalents	29,245,363	499,240
Current and long-term debt	3,986,286	-

Cash Flows

The Corporation's source of cash includes cash generated primarily from financing activities and other capital raising activities, as well as cash generated from our revenues. Our positive cash flows from financing activities in conjunction with the capital raising are expected to provide the Corporation with enough working capital to meet its short-term financial commitments as they become due. The chart below highlights the Corporation's cash flows during the six months ended March 31, 2019 and 2018:

	March 31, 2019 ($)	March 31, 2018 ($)
Operating activities	(3,251,357)	(417,432)
Investing activities	(145,376)	(17,606)
Financing activities	33,485,318	392,562
Cash and cash equivalents, beginning of period	164,579	42,476
Cash and cash equivalents, end of period	30,253,164	-

CASH USED IN OPERATING ACTIVITIES

The cash used in operating activities during the six months ended March 31, 2019 was $3,251,357, primarily made up of: (1) the net loss of $5,079,768; and (2) the following operating activities: (a) depreciation and amortization of $415,038; (b) total share-based compensation of $1,230,376; (c) accretion expenses of $102,527; (d) change in fair value of derivative liability of $51,607; (e) share of loss of joint venture $72,477; (f) unrealized gain on biological assets of $349,904: (g) unrealized foreign exchange gain of $82,918; (h) consulting fees settled via equity instruments of $150,737; (i) loss on disposal of PPE of $114,119; and (j) income tax expense of $11,278. Changes in non-cash working capital amounted to a loss of $52,762 (Accounts receivable, inventory and biological assets, prepaid expenses and deposits, accounts payable and accrued liabilities and lease inducement).

In comparison, the cash used in operating activities during the six months ended March 31 2018, was $417,432, primarily made up of: (1) the net loss of $359,280; and (2) the following operating activities: (a)depreciation and amortization of $14,726; and (b) total share-based compensation of $89,090. Changes in non-cash working capital amounted to $161,968.

CASH FROM INVESTING ACTIVITIES

The cash used in investing activities during the six months ended March 31, 2019, of $145,376 was due to purchase of property, plant and equipment of $145,376.

In comparison, the cash used in investing activities during the six months ended March 31, 2018, of $17,606 was due to the purchase of property, plant and equipment of $17,606.

CASH FROM FINANCING ACTIVITIES

The cash provided by financing activities during the six months ended March 31, 2019, of $5,239,591 was primarily due to proceeds from private placement of $26,905,163, proceeds received pursuant to the Arrangement of $5,239,591 and contributions and changes in owner's net investment of $1,457,835. This was partially offset by share issuance costs from the private placement of $117,271.

In comparison, the cash provided by financing activities during the six months ended March 31, 2018, of $392,562 was due to changes in owner's net investment of $392,562.

Contractual Obligations and Commitments

Other than the items presented under this section and included in Interim Financial Statements and notes thereto, we do not have any material off-balance sheet arrangements of commitments as of March 31, 2019.

The Corporation is obligated to the following contractual maturities of undiscounted cash flows (including interest as applicable) as of March 31, 2019, for the following financial liabilities:

Contractual obligations	**Total**	**Less than 1 year**	**1-3 Years**	**4-5 Years**	**After 5 years**
Operating leases	2,992,053	207,848	1,195,275	413,436	1,105,494
Total contractual obligations	**2,992,053**	**207,848**	**1,195,275**	**413,436**	**1,105,494**

Stock option plan

The MPXI stock option plan (the "**Stock Option Plan**") is a rolling stock option plan that sets the number of MPXI Shares issuable thereunder at a maximum of 10% of the MPXI Shares issued and outstanding at the time of any grant. As of the date of this MD&A, 3,175,000 stock options have been granted to purchase MPXI Shares as governed by the Stock Option Plan.

The following is a summary of the material terms of the MPXI Stock Option Plan:

(a) persons who are Eligible Persons (as defined in the MPX Stock Option Plan) of MPXI are eligible to receive grants of options under the MPXI Stock Option Plan;

(b) options granted under the MPXI Stock Option Plan are non-assignable and non-transferable, other than by will or by the laws of descent;

(c) options granted under the MPXI Stock Option Plan are exercisable for a maximum of 10 years from the date of grant;

(d) in the case of options granted to a Participant (as defined in the MPXI Stock Option Plan) who is an employee, consultant, consultant company or management company employee, the Participant must be a bona fide employee, consultant, consultant company or management company employee, as the case may be, of MPX International or its subsidiaries;

(e) except as otherwise determined by the MPX Board:

(i) if a Participant who is a non-executive director of MPX International ceases to be an Eligible Person as a result of his or her retirement from the MPX Board, each unvested option held by such Participant shall automatically vest on the date of his or her retirement from the MPX Board, and thereafter each vested option held by such Participant will cease to be exercisable on the earlier of the original expiry date of the option and twelve (12) months after the date of his or her retirement from the MPX Board;

(ii) if a Participant who is not an Eligible Person receives options pursuant to the Plan of Arrangement, such options will be exercisable for a period of ninety (90) days after they are issued;

(iii) if the service, consulting relationship, or employment of a Participant with MPXI or its subsidiaries is terminated for cause, each vested and unvested option held by the Participant will automatically terminate and become void on the Termination Date (as defined in the MPXI Stock Option Plan);

(iv) if a Participant dies, the legal representative of the Participant may exercise the Participant's vested options for a period until the earlier of the original expiry date of the option and twelve (12) months after the date of the Participant's death, but only to the extent the options were by their terms exercisable on the date of death. For greater certainty, all unvested options held by a Participant who dies shall terminate and become void on the date of death of such Participant; and

(v) if a Participant ceases to be an Eligible Person for any reason whatsoever other than referred to in (A) to (D) above, each vested option held by the Participant will cease to be exercisable on the earlier of the original expiry date of the option and six (6) months after the Termination Date; however, if a Participant who is an officer ceases to be an Eligible Person as a result of such officer's termination without cause or resignation for good reason, any unvested options as of the date of termination will be accelerated and become immediately fully vested as of such date and such options will be exercisable by the officer for a period of up to one year following the date of termination (as defined in the MPXI Option Plan);

(f) provided the MPXI Shares are listed on the Exchange (as defined in the MPXI Stock Option Plan), the exercise price of each option will be set by the MPX International Board on the date such option is granted, and will not be less than the Market Price (as defined in the MPXI Stock Option Plan); and

(g) in the event of an actual or potential Change of Control Event (as defined in the MPXI Stock Option Plan), the MPXI Board may, in its discretion, without the necessity or requirement for the agreement of any Participant: (A) accelerate, conditionally or otherwise, on such terms as it sees fit, the vesting date of any option; (B) permit the conditional exercise of any option, on such terms as it sees fit; (C) otherwise amend or modify the terms of the option, including for greater certainty permitting Participants to exercise any option, to assist the Participants to tender the underlying MPXI Shares to, or participate in, the actual or potential Change of Control Event or to obtain the advantage of holding the underlying MPXI Shares during such Change of Control Event; (D) permit the exchange for or into any other security or any other property or cash, any option that has not been exercised without regard to any vesting conditions attached thereto; and (E) terminate, following the successful completion of such Change of Control Event, on such terms as it sees fit, the options not exercised prior to the successful completion of such Change of Control Event. In addition, in the event of an actual or potential Change of Control Event, the MPX International Board, or any company which is or would be the successor to MPX International or which may issue securities in exchange for MPXI Shares upon such Change of Control Event becoming effective, may in its discretion, without the necessity or requirement for the agreement of any Participant, issue a new or replacement options over any securities into which the options are exercisable, on a basis proportionate to the number of MPXI Shares underlying such option and at a proportionate Exercise Price (as defined in the MPX International Stock Option Plan) (and otherwise substantially upon the terms of the option being replaced, or upon terms no less favourable to the Participant) including, without limitation, the periods during which the option may be exercised and expiry dates; and in such event, the Participant shall be deemed to have released his or her option over the MPXI Shares and such option shall be deemed to have lapsed and be cancelled.

Related Party Transactions

For the three and six months ended March 31, 2019, key management and directors of the Corporation subscribed for 11,487,645 of the total 56,052,421 units issued as part of a private placement, representing an investment amount of $5,514,070.

Transactions with key management personnel

Key management personnel are those persons having, directly or indirectly, authority and responsibility for planning, directing, and controlling the activities of the Corporation and/or their subsidiaries, including any external directors of the Corporation and/or the Corporation's subsidiaries. Remuneration of directors and key management personnel has been allocated to the Corporation on the basis of direct usage when identifiable, with the remainder allocated on a pro-rata basis of total expenses of MPXI. The below chart sets out the remuneration of directors and key management personnel of the Corporation as follows:

	Three months ended March 31,		**Six months ended March 31,**	
	2019 ($)	**2018 ($)**	**2019 ($)**	**2018 ($)**
Salaries and benefits	216,514	30,379	436,034	61,478
Share-based compensation	818,669	43,868	818,669	87,735
	1,031,183	74,607	1,254,703	149,213

Subsequent Events

On May 21, 2019, the Corporation announced that it had completed the acquisition of all of the outstanding shares of HolyWeed for the total Purchase Price of CHF10,000,000 (C$13,384,000 calculated using a deemed exchange rate of C$1.34 for each CHF 1.00). Pursuant to the terms of the definitive agreement, MPXI satisfied the Purchase Price through the issuance of 25,252,830 MPXI Shares to the shareholders of HolyWeed at price of C$0.53 per MPXI Share. 80% of the MPXI shares issued to the shareholders of HolyWeed will be placed in a voluntary escrow to be released to the shareholders upon the occurrence of the following:

1. 20% of the MPXI Shares issued will be released upon the official launch and sale of cannabidiol oil on the HolyWeed eCommerce Platform;

2. 20% of the MPXI Shares issued will be released upon HolyWeed achieving an annualized revenue run-rate of CHF 5,000,000; and

3. 40% of the MPXI Shares issued will be released upon HolyWeed achieving EBITDA of CHF1,600,000 for the twelve-month trailing period.

If the release conditions have not been satisfied by June 30, 2021, any MPXI Shares remaining in Escrow shall be automatically released by the Escrow Agent to MPXI for cancellation.

Outlook

The Corporation will focus on developing and operating assets across the global cannabis industry with an emphasis on cultivating, manufacturing and marketing products which include cannabinoids as their primary active ingredient.

Initially, the Corporation will concentrate on developing its assets in Canada acquired as part of the Arrangement. The Corporation will also continue to evaluate and develop opportunities in the European Union, including Belgium and Malta, the United Kingdom, Switzerland, and other international jurisdictions such as Australia and South Africa.

The international cannabis industry is evolving rapidly. Regional reports prepared by the London-based cannabis research firm Prohibition Partners predicts that by 2028, the European market for cannabinoid-based products will reach €120 billion (US$135 billion), the Oceania region will approach US$8.7 billion and, by 2024 Southeast Asia will achieve sales of US$8.5 billion (not inclusive of the huge CBD market in China). These potential revenues more than double the projected North American market for the same period.

MPXI, with its access to best practises, product formulations, SKU variety and branding acquired from management's previous U.S. involvement, its management experienced in both the U.S. and international cannabis and financial markets, its access to global capital and its early mover entry into multiple geographic regions, is extremely well positioned to benefit from this exponential growth in the international cannabis market.

Off-Balance Sheet Arrangements

As of the date of this MD&A, the Corporation does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Corporation, including, and without limitation, such considerations as liquidity and capital resources.

CANNABIS REGULATORY FRAMEWORK IN CANADA

Below is a summary of the current and prior legislation in force in Canada related to both medical and adult-use cannabis.

On October 17, 2018, the Cannabis Act went into effect which governs both the medical and recreational regulated markets in Canada.

Prior to October 17, 2018, legal access to and use of medicinal cannabis in Canada was regulated by the ACMPR. The Cannabis Act now applies to both medical and recreational use of cannabis. Medical patients are required to obtain a medical approval from their healthcare practitioner and provide a medical document to the licensed producer from which they wish to purchase cannabis. Among other things, the ACMPR set out the process patients are required to follow to obtain authorization from Health Canada to grow cannabis and to acquire seeds or plants from a producer licensed by Health Canada to, among other things, possess, sell, provide deliver and transport cannabis or cannabis oil (a "**Licensed Producer**"). Under the ACMPR, patients had three options for obtaining cannabis:

(a) they can continue to access quality-controlled cannabis by registering with licensed producers;
(b) they can register with Health Canada to produce a limited amount of cannabis for their own medical purposes; or
(c) they can designate someone else to produce it for them.

With respect to (b) and (c), starting materials, such as plants or seeds, must be obtained from licensed producers. It is possible that (b) and (c) could significantly reduce the addressable market for the Corporation's products and could materially and adversely affect the business, financial condition and results of operations of the Corporation. That said, management of the Corporation believes that many patients may be deterred from opting to proceed with options (b) or (c) since such steps require applying for and obtaining registration from Health Canada to grow cannabis, as well as the up-front costs of obtaining equipment and materials to produce such cannabis.

The ACMPR also set out, among other things, the authorized activities and general responsibilities of licensed producers, including:

- the requirement to obtain and maintain a license from Health Canada prior to commencing any activities;
- calculating the quantity of cannabis, other than dried cannabis, that is equivalent to a given quantity of dried cannabis;
- security measures relating to facilities and personnel;
- Good Production Practices;
- packaging, shipping, labeling, import and export and record-keeping requirements; and
- patient registration and ordering requirements.

Authorized activities under the ACMPR include the production and sale of starting materials (i.e., cannabis seeds and plants) to those individuals who have registered to produce a limited amount of cannabis for their own medical purposes, or to have it produced by a designated person, and the ability to sell an interim supply of fresh or dried cannabis or cannabis oil to registered persons while they wait for their plants to grow. Licenses and license applications under the ACMPR consolidate the MMPR license requirements for the production and sale of dried cannabis, the requirements for supplemental licenses under the Section 56 CDSA exemption, and the new requirements for the sale of cannabis seeds and plants.

Medical Marijuana

Health Canada recently reported that over 342,000 patients had enrolled by September 30, 2018.[1] By 2024, Health Canada estimates that the number of patients using medical cannabis will grow to 450,000 creating a market worth an estimated $1.3 billion[2], estimates that management believes is conservative considering the growth in patient enrollment that has been experienced to date in the program.

Cannabis itself is not authorized for sale as a "drug" by Health Canada under the Food and Drug Act (Canada) (the "**Canada FDA**"). Sale of cannabis by licensed producers to clients, other licensed producers or other identified groups in accordance with the ACMPR is exempt from the application of the Canada FDA by the *Cannabis Exemption (Food and Drugs Act) Regulations* (Canada), as amended, issued pursuant to the Canada FDA. The ACMPR includes provisions regulating production, processing, and labeling of cannabis to ensure that quality, safety and predictability of effect are available. The provisions of the ACMPR in this respect are unique to cannabis and distinct from similar provisions applicable to drugs in the Canada FDA.

Access to cannabis includes the option for clients to purchase dried marijuana or cannabis oil from licensed producers, which is delivered to the patients via mail order (the ACMPR does not provide for retail sales of cannabis).

Access also includes growing by or on behalf of individuals remaining under the MMAR (through the Allard case mentioned above). Cultivation for personal use is also permitted under the ACMPR, with Licensed Producers now being permitted by the ACMPR to provide seeds or plants to clients who are registered and approved by Health Canada. The amounts of cannabis, seeds and plants that a client may be provided with per month is determined with reference to a permitted daily amount of cannabis, normalized to the number of grams of dried marijuana per day, specific to the patient.

"Medical Marijuana" (meaning the use of cannabis to treat disease or improve symptoms such as pain, muscle spasticity, nausea and other indications) can be administered using a variety of methods including, but not limited to, smoking dried buds, capsules, and oral/dermal sprays. Unlike the pharmaceutical options, individual elements within medical marijuana have not been isolated, concentrated and synthetically manipulated to a specific therapeutic effect. The regulations prohibit any representations regarding any medicinal properties.

The ACMPR replaced the MMPR as the governing regulations in respect of the production, sale and distribution of medical cannabis and related oil extracts. The replacement regulations were implemented as a result of the ruling by the Federal Court of Canada in the case of *Allard v Canada* which found the MMPR unconstitutional in violation of the plaintiffs' rights under Section 7 of the Charter of Rights and Freedoms due to the restrictions placed on a patient's ability to reasonably access medical cannabis.

At the onset of the regulated recreational cannabis market, permitted products are essentially the same as what is currently offered in the medical cannabis market – dried flowers, oils and soft-gel with the addition of pre-rolled cannabis products. As this product offering represents only a portion of the products available on the illicit market, the federal government has indicated that value-added products including higher concentrated oils and ingestibles will be permitted for sale within a year of the opening of the regulated recreational cannabis market. Federal legislation gives responsibility for regulating the distribution and retail of recreational cannabis to the provinces and territories.

[1] http://www.hc-sc.gc.ca/dhp-mps/marihuana/info/market-marche-eng.php
[2] http://www.cbc.ca/news/canada/1-3b-medical-marijuana-free-market-coming-to-canada-1.1872652

CIBC World Markets reports estimates of the potential value of the regulated recreational cannabis market in Canada range from $5.0 billion to $10.0 billion per year. To put the potential size of the Canadian regulated recreational market in context, Statistics Canada valued the beer market in Canada, in 2014, at $8.7 billion.[3]

CANNABIS REGULATORY FRAMEWORK IN FOREIGN COUNTRIES IN WHICH MPXI HAS PLANNED OPERATIONS

The Corporation only conducts business in jurisdictions outside of Canada where such operations are legally permissible in accordance with the laws of the jurisdiction and Canadian regulatory obligations. The Corporation has planned activities in Australia, Switzerland and Malta and may expand into other jurisdictions in the future. In order for the Corporation to export or import cannabis products to or from an international jurisdiction, the Corporation is required to apply for an export/import permit from Health Canada and a corresponding import/export permit from the regulator in the international jurisdiction.

Regulatory Framework in Switzerland

Legal cultivation, distribution and consumption of cannabis in Switzerland is highly regulated and is generally only allowed for medicinal and scientific use under the terms of the *Federal Act on Narcotics and Psychotropic Substances* of October 3, 1951 (the "**Swiss Narcotics Act**"). Cannabis containing greater than 1% THC is generally prohibited from being cultivated and distributed, subject to obtaining an exceptional license. Without such exceptional license, any commercial activities in connection with cannabis or other products containing greater than 1% THC is prohibited in Switzerland.

The Federal Office of Public Health (the "**FPOH**") grants such exceptional licenses pursuant to the following activities: (i) the development of medicinal products; (ii) for restricted medical use (on prescription from a medical doctor); or (iii) scientific research purposes. An exceptional license for cultivation, import from another jurisdiction, production, or distribution of cannabis may be granted by the FPOH if cannabis is an active ingredient in a medicinal product authorized by the Swiss Agency for Therapeutic Products. Import / export license application process includes receipt of certification of good agricultural control practices protocols and hazard analysis critical control points to the satisfaction of the Swiss Agency for Therapeutic Products ("**Swissmedic**").

However, cannabis containing less than 1% THC is not subject to the federal Swiss Narcotics Act and is considered to be legal. No license is required under the Swiss Narcotics Act to cultivate or sell products containing cannabis with less than 1% THC, however, such products are subject to general regulations. Depending on the products classification, either of the FOPH, the Federal Food Safety and Veterinary Office (FSVO) and Swissmedic, the Swiss Agency for Therapeutic Products, are responsible for the supervision and control of such low-THC cannabis products.

Smoked tobacco substitutes are subject to the Tobacco Products Ordinance, and must satisfy requirements applicable to smoked tobacco products, including health and safety regulations, and must comply with the FPOH's reporting requirements, packaging information requirements, business and tax registration.

[3] http://www.statcan.gc.ca/daily-quotidien/150504/dq150504a-eng.htm

Regulatory Framework in Australia

In Australia, legislation came into effect on October 30, 2016, to permit the legal cultivation, production and manufacturing of medicinal cannabis products. Availability of medicinal cannabis products is governed by individual state and territory legislation and the two principal agencies which oversee the federal medicinal cannabis regime in Australia are the Therapeutic Goods Administration (the "**TGA**"), and the Office of Drug Control (the "**ODC**"). Although medicinal cannabis is legal in Australia, the pathway for patients to access medical cannabis is highly regulated. As in Canada, the legislation which governs its use creates exemptions to existing narcotic control laws which permit patients to access medicinal cannabis by several means, including an access scheme under the supervision of a medical practitioner. This access scheme is known as the "Special Access Scheme" ("**SAS**").

There are three SAS pathways that a medical practitioner may use to access cannabis for an individual patient on a case-by-case basis:

1. Category A is a notification pathway that may be accessed by a prescribing medical practitioner. Category A patients are defined patients that are seriously ill with a condition that is reasonably likely to cause death within a matter of months, or that is reasonably likely to cause a premature death in the absence of early treatment.

2. Category B is an application pathway that can be accessed by a medical practitioner if patients do not fit the Category A definition. Category B applications must be reviewed and approved by the TGA before medicinal cannabis may be accessed and supplied to the patient. The application:

    (a) must include the patient diagnosis and indication for which the medicinal cannabis is sought;

    (b) requires a thorough clinical justification for the use of medicinal cannabis, which includes the seriousness of the condition, details of previous treatments and reasons why a registered therapeutic good cannot be used for the treatment of the individual patient in the particular circumstance; and

    (c) must include sufficient safety and efficacy data to support the proposed use of medicinal cannabis.

3. Category C does not apply to medicinal cannabis.

Patients may also access medicinal cannabis by way of clinical trials, or from an Authorised Prescriber. A medical practitioner may be granted authority to become an 'Authorised Prescriber' of medicinal cannabis to specific patients (or classes of recipients) with a particular medical condition.

Once patients have a prescription, the products will be distributed through a pharmacist who obtains the products from the applicable licensed producer.

In order to export cannabis from Canada to Australia for sale through licensed channels, an entity is required to obtain permits in both Canada and Australia. In Australia, the ODC will issue an import permit to an entity which is capable of securely receiving and storing narcotics, which will authorize the import of specific shipments of medicinal cannabis products for use in the manufacture of medicinal cannabis or medicinal cannabis products. In addition, there may be requirements specific to the particular Australian state or territory into which the products are being imported into that need to be complied with. In Canada, Health Canada will issue an export license, which corresponds with the ODC import permit.

In order to cultivate, produce, and/or manufacture medicinal cannabis in Australia, an entity must have a valid license and permit granted by the ODC, and also have a license issued by the TGA authorising the relevant activity.

Regulatory Framework in Malta

The Maltese government legalized the consumption of marijuana for medical purposes by amending its *Drug Dependence (Treatment Not Imprisonment) Act* on March 2018 (the "**Drug Dependence Act**"). Through a highly regulated process, the amendment to the Drug Dependence Act allows a licensed medical practitioner to prescribe marijuana, in non-smokeable form, if there are no viable alternatives to such a prescription. The prescription must be dispensed by a pharmacist in a licensed pharmacy.

In April 2018, Malta enacted the *Production of Cannabis for Medical and Research Purposes Act* (the "**Malta Act**"). The Malta Act sets out the licensing and approval process companies must comply with in order to legally cultivate, import, and process cannabis for medical or research purposes (the "**Malta Licensing Process**"). Pursuant to the Malta Act, the Minister of the Medicines Authority is the primary regulator of medical cannabis in Malta. Persons intending to operate a marijuana facility must first obtain a letter of intent from Malta Enterprise – the country's economic development agency – obtain licensure from the Minister of the Medicines Authority and comply with other regulations.

As of this date, the Medicines Authority is still developing regulations governing the application process and operation of marijuana facilities. On November 26, 2018, regulations establishing a fee schedule for marijuana facilities were issued. Once the Medicines Authority publishes regulations governing the Malta Licensing Process, it is anticipated that the holders of a letter of intent from Malta Enterprise will be able to begin the process of obtaining final licensure.

Malta Licensing & Operating Requirements

Although the Medicines Authority is still promulgating regulations, the Production of Cannabis for Medical and Research Purposes Act provides some detail on marijuana facility licensing and operations. Before a company can cultivate, import, or process cannabis, it must: (i) comply with the statute; (ii) apply for and obtain a letter of intent from Malta Enterprise; (iii) comply with relevant regulations, including international treaty obligations and production and quality regulations under the *Medicines Act*; and (iv) apply for and obtain licensure from the Medicines Authority. The issuance of a license by the Medicines Authority is subject to several requirements, including: (i) the submission and evaluation of documents, including due-diligence documentation; (ii) the attainment of authorizations, approvals, and clearances from other entities; and (iii) compliance with to-be prescribed terms and conditions, including conditions related to professional qualifications.

Most of the licensing and operating requirements will, however, be established by Medicines Authority regulation. The Malta Act endows the Minister of the Medicines Authority with the power to make regulations governing: (i) the licensure application process, including grants, renewals, suspensions, transfers, and cancellations of licenses; (ii) the process for persons to object to the granting of a license; (iii) the duration of licenses; (iv) personnel qualifications; (v) inspections, inventory procedures, and quality controls; and (vi) fee schedules, penalties, and sanctions.

Regulatory Framework in Belgium

Medical Cannabis

The *Royal Decree of 11 June 2015* prohibits the distribution of cannabis in the form of a plant for medical purposes in Belgium. An opinion has been submitted by the Commission for Medicinal Products for Human Use and is currently being studied. Given the complexity of the opinion, the Federal Agency for Medicines and Health Products ("**FAMHP**") has not been able to set a timing for its decision on this. However, a pharmacist may dispense authorized cannabis medication to patients with a medical prescription. In Belgium, there is currently only one authorized cannabis drug.

Cultivation

Under the *Single Convention on Narcotic drugs, 1961*, (the "**Convention**") cannabis is considered a narcotic in Belgium and use of cannabis for medical and scientific research is highly regulated. In accordance with the Convention, if the government of Belgium wishes to permit the cultivation of cannabis, its government must create a stand-alone office that is exclusively responsible for managing and controlling the cultivation, trade, import and export of medical cannabis. As of this date, such office has not yet been formally created, however, in February 2019, Bill 3530/001 was passed allowing for the creation of such office (the "**Cannabis Agency**") within FAMHP. The Cannabis Agency will be responsible for designating permitted cultivation areas in Belgium, granting licenses to cultivators, purchasing and taking possession of the cannabis and importing, exporting, wholesale trading and maintaining stock of medicinal cannabis.

The legal framework governing the application process, cultivation and sale of cannabis has been proposed but not yet approved. Under the current proposal, following the creation of the Cannabis Agency, candidates will be able to submit tenders for the cultivation of a certain amount of cannabis in designated locations. The Cannabis Agency will grant cultivation licenses to successful candidates and will in turn purchase the product for export and/or distribution.

Cannabis containing 0.2% THC or less

As provided for in the *Ministerial Decree of 27 July 2011* (the **"2011 Decree"**), cannabis cultivation containing 0.2% THC or less is legal in Belgium. In accordance with the 2011 Decree, regional authorities may issue authorizations to grow low-THC cannabis in-ground.

Cannabis flower containing less than 0.2% THC is considered an herbal product for smoking; a product composed of plants, herbs or fruits, which does not contain tobacco and can be consumed by mean of a combustion process. In Belgium, the sale and use of an herbal product for smoking must comply with a series of rules set out in the *Royal Decree of 5 February 2016* (the "**2016 Decree**") which applies specifically to plant-based products for smoking, among other things. Specifically, and in accordance to Article 16 of the 2016 Decree, a manufacturer of herbal products for smoking must submit to the authorities a list of all ingredients used in the manufacturing of the product prior to placing such herbal product on the market. If a product is approved, it may then be sold in retail locations and will be listed on the Positive List of Herbal Products for Smoking on the Federal Public Service (FPS) Heath Food and Environment website.

LEGALIZATION/PERMISSIBILITY OF CANNABIS IN INTERNATIONAL JURISDICTIONS

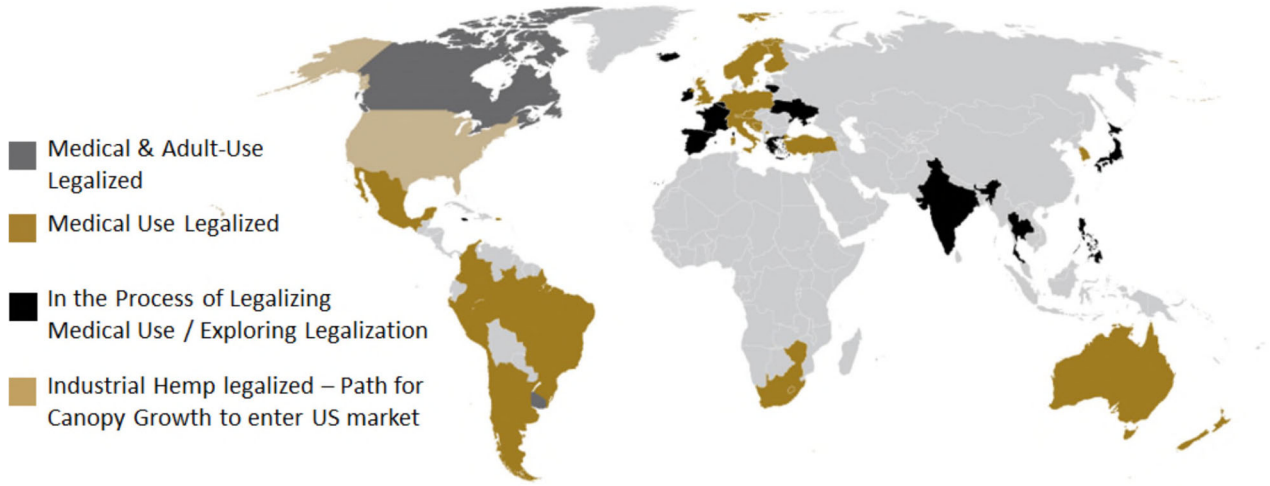
In 2014, a limited number of countries in the world, in addition to Canada, specifically, Israel, Czech Republic, Netherlands and Uruguay had established federally legal cannabis access regimes.

Since 2014, the actions of governments around the world have signaled a significant change in attitudes towards cannabis. To date, federal governments in over 30 additional countries including Argentina, Austria, Australia, Brazil, Denmark, Chile, Colombia, England, Germany, Greece, Israel, Italy, Jamaica, Lesotho, Mexico, Netherlands, Norway, Poland, Puerto Rico, South Africa, Switzerland and Turkey have formally legalized medicinal cannabis access to either foster research into cannabis-based medical treatments and/or towards increasing legal access to medical cannabis for their citizens.

In addition, many other countries including Belgium, Ireland, France, Portugal, Spain, India, Malaysia, South Korea and Thailand have established formal government efforts and/or trials to explore the legalization of and commercialization of medicinal cannabis access.

In the United States of America, multiple legislative reforms related to Cannabis are currently being considered by the federal government. On December 20, 2018, the Agricultural and Nutrition Act, H.R. 24 (the "**Farm Bill**"), which included the language of the Hemp Farming Act of 2018, legalize the cultivation of Hemp to produce the CBD and other cannabinoids, except for THC. Further, management believes The Strengthening the Tenth Amendment Through Entrusting States Act (the "**States Act**"), S.30326, if passed in its current form, would make cannabis federally permissible (not illegal) in US states where cannabis is state legal.

Figure 1: Map of countries with/exploring federally legal cannabis access regimes in 2018



[4] https://agriculture.house.gov/farmbill/

The forty-first meeting of the Expert Committee on Drug Dependence ("**ECDD**") was held in Geneva, Switzerland, November 12 to16, 2018. At that meeting, the ECDD undertook a critical review of whole-plant cannabis and cannabis extracts. The Director-General of the World Health Organization ("**WHO**") sent a letter to the UN Secretary General on January 24, 2019, outlining its recommendations that included the recommendation that cannabis be removed from Schedule IV of the 1961 Convention on Narcotic Drugs. At the annual session of the UN's Commission on Narcotic Drugs ("**UNODC**") held March 22 to 26, 2019, in Vienna, Austria, the UNDOC determined to postpone the voting on the recommendations of the WHO to provide more time for States to consider the recommendations.

RISKS AND UNCERTAINTIES

Risk Factors

Any or all of these risks, or other as yet unidentified risks, may have a material adverse effect on the business and/or return to the investors.

The Corporation is reliant on cultivation licenses to produce medical cannabis products in Canada

The Corporation is dependent upon the Peterborough License for its ability to grow, store and sell medical cannabis and other products derived therefrom and the Peterborough License is subject to obtaining a sales license as well as ongoing compliance, reporting requirements and renewal.

Although the Corporation believes it will meet the requirements of the ACMPR to obtain its sales license and for future renewals of the Peterborough License, there can be no guarantee that Health Canada will grant a sales license or renew the Peterborough License or, if renewed, that it will be renewed on the same or similar terms or that Health Canada will not revoke the Peterborough License. Should the Corporation fail to comply with the requirements of the Peterborough License or should Health Canada not renew the Peterborough License when required or renew the Peterborough License on different terms or revoke the Peterborough License, there would be a material adverse effect on the Corporation's business, financial condition and results of operations in Canada.

Government licenses are currently, and in the future may be, required in connection with the Corporation's operations, in addition to other unknown permits and approvals which may be required. To the extent such permits and approvals are required and not obtained, the Corporation may be prevented from operating and/or expanding its business, which could have a material adverse effect on the Corporation's business, financial condition and results of operations.

Further, the Corporation is subject to ongoing inspections by Health Canada to monitor its compliance with licensing requirements. The Corporation's existing license and any new licenses that it may obtain in the future in Canada or other jurisdictions may be revoked or restricted at any time in the event that such license holders are found not to be in compliance with applicable law. Should the Corporation fail to comply with the applicable regulatory requirements or with conditions set out under the licenses, should the licenses not be renewed when required, or be renewed on different terms, or should the licenses be revoked, the Corporation may not be able to continue producing or distributing cannabis in Canada or other jurisdictions.

In addition, the Corporation may be subject to enforcement proceedings resulting from a failure to comply with applicable regulatory requirements in Canada or other jurisdictions, which could result in damage awards, a suspension of existing approvals, a withdrawal of existing approvals, the denial of the renewal of existing approvals or any future approvals, recalls of products, product seizures, the imposition of future operating restrictions on the business or operations or the imposition of civil or criminal fines or penalties against the Corporation, its officers and directors and other parties. These enforcement actions could delay or entirely prevent the Corporation from continuing the production, testing, marketing, sale or distribution of its products and divert management's attention and resources away from its business operations.

Product Liability

As a distributor of products designed to be ingested by humans, the Corporation faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the sale of the Corporation's products involves the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of the Corporation's products alone or in combination with other medications or substances could occur. The Corporation may be subject to various product liability claims, including, among others, that the Corporation's products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances.

A product liability claim or regulatory action against the Corporation could result in increased costs, could adversely affect the Corporation's reputation with its clients and consumers generally, and could have a material adverse effect on its results of operations and financial condition of the Corporation. Although the Corporation has secured product liability insurance, and strictly enforces a quality standard within the operations, there can be no assurances that the Corporation will be able to maintain its product liability insurance on acceptable terms or with adequate coverage against potential liabilities. This scenario could prevent or inhibit the commercialization of the Corporation's potential products. To date, there have been no product related issues.

Risk of Litigation

If we incur substantial liability from litigation, complaints, or enforcement actions, its financial condition could suffer.

The participation by the Corporation, its subsidiaries and entities managed thereby in the medical cannabis industry may lead to litigation, formal or informal complaints, enforcement actions, and inquiries by various federal, State, or local governmental authorities against these subsidiaries. Litigation, complaints, and enforcement actions involving these subsidiaries could consume considerable amounts of financial and other corporate resources, which could have a negative impact on its sales, revenue, profitability, and growth prospects.

Litigation may adversely affect its business, financial condition, and results of operations.

From time-to-time in the normal course of its business operations, we may become subject to litigation that may result in liability material to its financial statements as a whole or may negatively affect its operating results if changes to its business operations are required. The cost to defend such litigation may be significant and may require a diversion of its resources. There also may be adverse publicity associated with litigation that could negatively affect customer perception of its business, regardless of whether the allegations are valid or whether we are ultimately found liable. Insurance may not be available at all or in sufficient amounts to cover any liabilities with respect to these or other matters. A judgment or other liability in excess of its insurance coverage for any claims could adversely affect its business and the results of its operations.

Access to Capital

MPXI will have limited capital resources and operations and will require substantial additional capital in the near future to continue operations and activities. MPXI may not be able to obtain additional financing on terms acceptable to it, or at all. If MPXI fails to raise additional capital, as needed, its ability to implement its business model and strategy could be compromised.

Even if MPXI obtains financing for its near-term operations, MPXI expects that it will require additional capital thereafter. MPXI capital needs will depend on numerous factors including: (i) MPXI profitability; (ii) the release of competitive products by its competition; (iii) the level of its investment in research and development; and (iv) the amount of its capital expenditures, including acquisitions.

Market Price and Volatility of MPXI Shares

Securities of micro-cap and small-cap companies, like MPXI, have experienced substantial price and volume volatility over the past few of years and the market price of securities of many companies has experienced wide fluctuations which, in many cases, have not necessarily been related to the performance, underlying asset values or prospects of such companies and may result in a loss for investors. These factors include macroeconomic developments in North America and globally and market perceptions of the attractiveness of particular industries. Other factors unrelated to the Corporation's performance that may have an effect on the price of the MPXI Shares include the following: (i) the extent of analytical coverage available to investors concerning the Corporation's business may be limited if investment banks with research capabilities do not follow the Corporation's securities; (ii) lessening in trading volume and general market interest in the Corporation's securities may affect an investor's ability to trade significant numbers of MPXI Shares; (iii) the size of the Corporation's public float may limit the ability of some institutions to invest in the Corporation's securities; and (iv) a substantial decline in the price of the MPXI Shares that persists for a significant period of time could cause the Corporation's securities, if listed on an exchange, to be delisted from such exchange, further reducing market liquidity.

In addition, the value of the MPXI Shares are subject to the ability of MPXI to build equity in the enterprise. If insufficient proceeds are raised and alternative financing is not available, the completion of MPXI's business plan may not be fulfilled. There can be no assurance that a profitable business will be achieved by MPXI.

As a result of any of these factors, the market price of the MPXI Shares at any given point in time may not accurately reflect the Corporation's long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Corporation may in the future be the target of similar litigation. Such litigation, if instituted, could result in substantial costs and diversion of management attention and resources, which could significantly harm the Corporation's business, condition, prospects and reputation. In addition, securities litigation could result in substantial costs and damages and divert management's attention and resources.

Reliance on Management

Decisions regarding the management of the Corporation's affairs will be made exclusively by the officers and directors of the Corporation and not by the holders of the MPXI Shares. Accordingly, investors must carefully evaluate the personal experience and business performance of the officers and directors of the Corporation. The Corporation may retain independent contractors to provide services to the Corporation. Generally, these contractors have no fiduciary duty to the holders of the MPXI Shares or the Corporation.

Difficulty in Recruiting and Retaining Management and Key Personnel

MPXI's future success depends on its key executive officers and the Corporation's ability to attract, retain, and motivate qualified personnel.

MPXI's future success largely depends upon the continued services of its executive officers and management team. If one or more of its executive officers are unable or unwilling to continue in their present positions, MPXI may not be able to replace them readily, if at all. Additionally, MPXI may incur additional expenses to recruit and retain new executive officers. If any of its executive officers join a competitor or forms a competing corporation, MPXI may lose some or all of its customers. Finally, the Corporation does not maintain "key person" life insurance on any of its executive officers. Because of these factors, the loss of the services of any of these key persons could adversely affect its business, financial condition, and results of operations, and thereby an investment in the MPXI Shares.

MPXI's continuing ability to attract and retain highly qualified personnel will also be critical to its success because MPXI will need to hire and retain additional personnel as its business grows. There can be no assurance that MPXI will be able to attract or retain highly qualified personnel. The Corporation faces significant competition for skilled personnel in its industries. This competition may make it more difficult and expensive to attract, hire, and retain qualified managers and employees. Because of these factors, MPXI may not be able to effectively manage or grow its business, which could adversely affect its financial condition or business. As a result, the value of your investment could be significantly reduced or completely lost.

Managing Growth

MPXI may not be able to effectively manage its growth or improve its operational, financial, and management information systems, which would impair its results of operations.

In the near term, we intend to expand the scope of its operations activities significantly. If we are successful in executing its business plan, we will experience growth in its business that could place a significant strain on its business operations, finances, management, and other resources. The factors that may place strain on its resources include, but are not limited to, the following:

(1) the need for continued development of its financial and information management systems;

(2) the need to manage strategic relationships and agreements with manufacturers, customers, and partners; and

(3) difficulties in hiring and retaining skilled management, technical, and other personnel necessary to support and manage its business.

Additionally, MPXI's strategy envisions a period of rapid growth that may impose a significant burden on its administrative and operational resources. MPXI's ability to effectively manage growth will require us to substantially expand the capabilities of its administrative and operational resources and to attract, train, manage, and retain qualified management and other personnel. There can be no assurance that we will be successful in recruiting and retaining new employees or retaining existing employees.

MPXI cannot provide assurances that its management will be able to manage this growth effectively. MPXI's failure to successfully manage growth could result in its sales not increasing commensurately with capital investments or otherwise materially adversely affecting its business, financial condition, or results of operations.

Inability to Innovate and Find Efficiencies

If we are unable to continually innovate and increase efficiencies, its ability to attract new customers may be adversely affected.

In the area of innovation, we must be able to develop new technologies and products that appeal to its customers. This depends, in part, on the technological and creative skills of its personnel and on its ability to protect its intellectual property rights. MPXI may not be successful in the development, introduction, marketing, and sourcing of new technologies or innovations, that satisfy customer needs, achieve market acceptance, or generate satisfactory financial returns.

Operational Risk

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

Reliance on third-party suppliers, manufacturers and contractors; Reliance on Key Inputs

The Corporation's business is dependent on several key inputs from third-parties and their related costs including raw materials and supplies related to its cultivation and production operations, as well as electricity, water and other local utilities. Some of these inputs may only be available from a single supplier or a limited group of suppliers in the future. If the Corporation becomes reliant upon a sole source supplier and it was to go out of business or suspend services, the Corporation might be unable to find a replacement for such source in a timely manner or at all. Similarly, if any future sole source supplier were to be acquired by a competitor, that competitor may elect not to sell to the Corporation in the future. Additionally, any supplier could at any time suspend or withdraw services. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on the Corporation's business, financial condition and operating results.

Permits and Authorizations

MPXI may not obtain the necessary permits and authorizations to operate the business.

Canveda may not be able to obtain or maintain the necessary licenses, permits, authorizations, or accreditations, or may only be able to do so at great cost, to operate its marijuana business. In addition, we may not be able to comply fully with the wide variety of laws and regulations applicable to the marijuana industry. Failure to comply with or to obtain or maintain the necessary licenses, permits, authorizations, or accreditations could result in restrictions on its ability to operate the medical cannabis business, which could have a material adverse effect on its business.

Consumer Acceptance of Marijuana

MPXI is dependent on the popularity of consumer acceptance of the Corporation's product lines.

MPXI's ability to generate revenue and be successful in the implementation of the Corporation's business plan is dependent on consumer acceptance and demand of the Corporation's medical cannabis product lines. Acceptance of the Corporation's products will depend on several factors, including availability, cost, ease of use, familiarity of use, convenience, effectiveness, safety, and reliability. If these customers do not accept the Corporation's products, or if we fail to meet the needs and expectations of customers adequately, its ability to continue generating revenues could be reduced.

A drop in the retail price of medical cannabis products may negatively impact the business.

The demand for the Corporation's products depends in part on the price of commercially grown marijuana. Fluctuations in economic and market conditions that impact the prices of commercially-grown marijuana, such as increases in the supply of such marijuana and the decrease in the price of products using commercially-grown marijuana, could cause the demand for marijuana products to decline, which would have a negative impact on its business.

There are factors which may prevent the Corporation from the realization of growth targets

The Corporation's growth strategy contemplates the successful construction of the Owen Sound Facility, as well as receipt of its cultivation, processing and sale licences for the Owen Sound Facility under the Cannabis Act. There is a risk that these targets will not be achieved on time, on budget, or at all, as they can be adversely affected by a variety of factors, including some that are discussed elsewhere in these "Risk Factors" and the following:

- delays in obtaining, or conditions imposed by, regulatory approvals;
- facility design errors;
- environmental pollution;
- non-performance by third party contractors;
- increases in materials or labour costs;
- construction performance falling below expected levels of output or efficiency;
- breakdown, aging or failure of equipment or processes;

- contractor or operator errors;
- operational inefficiencies;
- labour disputes, disruptions or declines in productivity;
- inability to attract sufficient numbers of qualified workers;
- disruption in the supply of energy and utilities; and
- major incidents and/or catastrophic events such as fires, explosions, storms, or physical attacks.

Construction Risk Factors

The Corporation is subject to a number of risk factors, including the availability and performance of engineering and construction contractors, suppliers and consultants, and the receipt of required governmental approvals and permits in connection with the construction of the Corporation's facilities in Owen Sound and Australia. Any delay in the performance of any one or more of the contractors, suppliers, consultants or other persons on which the Corporation is dependent in connection with its construction activities, a delay in or failure to receive the required governmental approvals and permits in a timely manner or on reasonable terms, or a delay in or failure in connection with the completion and successful operation of the operational elements in connection with construction could delay or prevent the construction and start-up of the Owen Sound Facility or the facility being constructed in Australia as planned. There can be no assurance that current or future construction plans implemented by the Corporation will be successfully completed on time, within budget and without design defect; that available personnel and equipment will be available in a timely manner or on reasonable terms to successfully complete construction projects; that the Corporation will be able to obtain all necessary governmental approvals and permits; or that the completion of the construction, the start-up costs and the ongoing operating costs will not be significantly higher than anticipated by the Corporation. Any of the foregoing factors could adversely impact the operations and financial condition of the Corporation.

Peterborough Facility and the Owen Sound Facility

The Peterborough Facility is, and the Owen Sound Facility is expected to become, integral to the Corporation's business in Canada and adverse changes or developments affecting either of the Peterborough Facility or the Owen Sound Facility may impact the Corporation's business, financial condition and results of operations in Canada. The Corporation's ability to grow, process, package, store and sell dried cannabis and cannabis extracts, for medical and recreational purposes in Canada is dependent upon final receipt of the Peterborough Licence following Health Canada's final pre-sales inspection.

The Peterborough License is specific to the Peterborough Facility. Adverse changes or developments affecting the Peterborough Facility, including but not limited to a *force majeure* event or a breach of security, could have a material adverse effect on the Corporation's business, financial condition and prospects. Any breach of the security measures and other facility requirements, including any failure to comply with recommendations or requirements arising from inspections by Health Canada, could also have an impact on the Corporation's ability to continue operating under the Peterborough License or the prospect of renewing the Peterborough License or obtaining a sale license or would result in a revocation of the Peterborough License.

The Corporation is expecting to complete the construction of its Owen Sound Facility, and the Corporation has also applied for the Owen Sound License and expects that the Owen Sound Facility has the potential to significantly increase the Corporation's cultivation, growing and manufacturing capacity. However, no assurance can be given that Health Canada will approve the Owen Sound License. If the Corporation is unable to secure the Owen Sound License, the expectations of management with respect to the increased future cultivation and growing capacity may not be borne out, which could have a material adverse effect on the Corporation's business, financial condition and results of operations in Canada. Further, construction delays or cost over-runs in respect of the build-out of the Owen Sound Facility, howsoever caused, could have a material adverse effect on the Corporation's business, financial condition and results of operations in Canada.

There may be restrictions on the type and form of marketing it can undertake which could materially impact sales performance

The development of the Corporation's future business and operating results in Canada may be hindered by applicable restrictions on sales and marketing activities imposed by Health Canada. The regulatory environment in Canada limits the Corporation's ability to compete for market share in a manner similar to other industries. If the Corporation is unable to effectively market its products and compete for market share, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased selling prices for its products, the Corporation's sales and operating results could be adversely affected.

The adult-use cannabis market in Canada may become oversupplied in anticipation of, or following the implementation of, the Cannabis Act and the related legalization of cannabis for adult-use.

In anticipation of a surge in demand for cannabis as a result of the expected implementation of the Cannabis Act and the legalization of adult cannabis use, the Corporation and other cannabis producers in Canada may produce more cannabis than is needed to satisfy the collective demand of the Canadian medical and proposed adult-use markets, and we may be unable to export that oversupply into other markets where cannabis use is fully legal under all federal and state or provincial laws. As a result, the available supply of cannabis could exceed demand, resulting in a significant decline in the market price for cannabis. If this were to occur, there is no assurance that we would be able to generate sufficient revenue from the sale of adult-use cannabis to result in profitability.

The Corporation's business is subject to a variety of foreign laws, many of which are unsettled and still developing and which could subject us to claims or otherwise harm the Corporation's business

MPXI is subject to a variety of laws and regulations in Canada and elsewhere that prohibit money laundering, including the Proceeds of Crime and Terrorist Financing Act (Canada) and the rules and regulations thereunder and any related or similar rules, regulations or guidelines issued, administered or enforced by governmental authorities in Canada or any other jurisdiction in which we have business operations or to which we export. Although we believe that none of the Corporation's activities implicate any applicable money laundering statutes, in the event that any of the Corporation's business activities, any dividends or distributions therefrom, or any profits or revenue accruing thereby are found to be in violation of money laundering statutes, such transactions may be viewed as proceeds of crime under one or more of the statutes described above or any other applicable legislation, and any persons found to be aiding and abetting us in such violations could be subject to liability. Any violations of these laws, or allegations of such violations, could disrupt the Corporation's operations, involve significant management distraction and involve significant costs and expenses, including legal fees. MPXI could also suffer severe penalties, including criminal and civil penalties, disgorgement and other remedial measures.

The Corporation is required to comply concurrently with federal, state or provincial, and local laws in each jurisdiction where it operates

Various federal, state or provincial and local laws govern the Corporation's business in the jurisdictions in which it operates or proposes to operate, including laws and regulations relating to health and safety, conduct of operations and the production, management, transportation, storage and disposal of its products and of certain material used in its operations. Compliance with these laws and regulations requires concurrent compliance with complex federal, provincial or state and local laws. These laws change frequently and may be difficult to interpret and apply. Compliance with these laws and regulations requires the investment of significant financial and managerial resources, and a determination that the Corporation is not in compliance with these laws and regulations could harm its brand image and business. Moreover, it is impossible for the Corporation to predict the cost or effect of such laws, regulations or guidelines upon its future operations. Changes to these laws or regulations could negatively affect the Corporations competitive position within the cannabis industry and the markets in which the Corporation operates, and there is no assurance that various levels of government in the jurisdictions in which the Corporation operates will not pass legislation or regulation that adversely impacts its business.

The Corporation may seek to enter into strategic alliances, or expand the scope of currently existing relationships, with third parties that the Corporation believes will have a beneficial impact, and there are risks that such strategic alliances or expansions of the Corporations currently existing relationships may not enhance its business in the desired manner

The Corporation currently has, and may expand the scope of, and may in the future enter into, strategic alliances with third parties that the Corporation believes will complement or augment its existing business. The Corporation's ability to complete further such strategic alliances is dependent upon, and may be limited by, among other things, the availability of suitable candidates and capital. In addition, strategic alliances could present unforeseen integration obstacles or costs, may not enhance the Corporation's business and may involve risks that could adversely affect it, including the investment of significant amounts of management time that may be diverted from operations in order to pursue and complete such transactions or maintain such strategic alliances. Future strategic alliances could result in the incurrence of debt, costs and contingent liabilities, and there can be no assurance that future strategic alliances will achieve, or that its existing strategic alliances will continue to achieve, the expected benefits to its business or that we will be able to consummate future strategic alliances on satisfactory terms, or at all.

Intellectual Property

If MPXI fails to protect its intellectual property, its business could be adversely affected.

MPXI's viability will depend, in part, on its ability to develop and maintain the proprietary aspects of its technology to distinguish its products from its competitors' products. MPXI relies on copyrights, trademarks, trade secrets, and confidentiality provisions to establish and protect its intellectual property.

Any infringement or misappropriation of its intellectual property could damage its value and limit its ability to compete. MPXI may have to engage in litigation to protect the rights to its intellectual property, which could result in significant litigation costs and require a significant amount of its time.

Competitors may also harm its sales by designing products that mirror the capabilities of its products or technology without infringing on its intellectual property rights. If we do not obtain sufficient protection for its intellectual property, or if we are unable to effectively enforce its intellectual property rights, its competitiveness could be impaired, which would limit its growth and future revenue.

MPXI may also find it necessary to bring infringement or other actions against third parties to seek to protect its intellectual property rights. Litigation of this nature, even if successful, is often expensive and time-consuming to prosecute and there can be no assurance that we will have the financial or other resources to enforce its rights or be able to enforce its rights or prevent other parties from developing similar technology or designing around its intellectual property.

Although we believe that its technology does not and will not infringe upon the patents or violate the proprietary rights of others, it is possible such infringement or violation has occurred or may occur, which could have a material adverse effect on its business.

MPXI is not aware of any infringement by us of any person's or entity's intellectual property rights. In the event that products we sell are deemed to infringe upon the patents or proprietary rights of others, we could be required to modify its products or obtain a license for the manufacture and/or sale of such products or cease selling such products. In such event, there can be no assurance that we would be able to do so in a timely manner, upon acceptable terms and conditions, or at all, and the failure to do any of the foregoing could have a material adverse effect upon its business.

There can be no assurance that we will have the financial or other resources necessary to enforce or defend a patent infringement or proprietary rights violation action. If its products or proposed products are deemed to infringe or likely to infringe upon the patents or proprietary rights of others, we could be subject to injunctive relief and, under certain circumstances, become liable for damages, which could also have a material adverse effect on its business and its financial condition.

Trade Secrets

MPXI's trade secrets may be difficult to protect. MPXI's success depends upon the skills, knowledge, and experience of its scientific and technical personnel, its consultants and advisors, as well as its licensors and contractors. Because we operate in several highly competitive industries, we rely in part on trade secrets to protect its proprietary technology and processes. However, trade secrets are difficult to protect. MPXI enters into confidentiality or non-disclosure agreements with its corporate partners, employees, consultants, outside scientific collaborators, developers, and other advisors. These agreements generally require that the receiving party keep confidential and not disclose to third parties confidential information developed by the receiving party or made known to the receiving party by us during the course of the receiving party's relationship with us. These agreements also generally provide that inventions conceived by the receiving party in the course of rendering services to us will be its exclusive property, and we enter into assignment agreements to perfect its rights.

These confidentiality, inventions, and assignment agreements may be breached and may not effectively assign intellectual property rights to us. MPXI's trade secrets also could be independently discovered by competitors, in which case we would not be able to prevent the use of such trade secrets by its competitors. The enforcement of a claim alleging that a party illegally obtained and was using its trade secrets could be difficult, expensive, and time consuming and the outcome would be unpredictable. The failure to obtain or maintain meaningful trade secret protection could adversely affect its competitive position.

Unreliability of Forecasts

Any forecasts the Corporation makes about its operations may prove to be inaccurate. MPXI must, among other things, determine appropriate risks, rewards, and level of investment in its product lines, respond to economic and market variables outside of its control, respond to competitive developments and continue to attract, retain, and motivate qualified employees. There can be no assurance that we will be successful in meeting these challenges and addressing such risks and the failure to do so could have a materially adverse effect on its business, results of operations, and financial condition. MPXI's prospects must be considered in light of the risks, expenses, and difficulties frequently encountered by companies in the early stage of development. As a result of these risks, challenges, and uncertainties, the value of your investment could be significantly reduced or completely lost.

Global Economic Conditions

Recent global financial conditions have been characterized by increased volatility and access to public financing. These conditions may affect the Corporation's ability to obtain equity or debt financing in the future on terms favourable to the Corporation or at all. If such conditions continue, the Corporation's operations could be negatively impacted.

The medical cannabis industry and market are relatively new in Canada and this industry and market may not continue to exist or grow as anticipated or the Corporation may be ultimately unable to succeed in this new industry and market

As a licensed producer, the Corporation is operating its business in a relatively new industry and market. In addition to being subject to general business risks, the Corporation must continue to build brand awareness in this industry and market through significant investments in its strategy, its production capacity, quality assurance and compliance with regulations. In addition, there is no assurance that the industry and market will continue to exist and grow as currently estimated or anticipated or function and evolve in the manner consistent with management's expectations and assumptions. Any event or circumstance that adversely affects the cannabis industry and market could have a material adverse effect on the Corporation's business, financial conditions and results of operations.

As a result of the Cannabis Act, and once in force, the ability of Canadians to purchase adult-use cannabis, individuals who currently rely upon the medical cannabis market to supply their medical cannabis and cannabis-based products may cease this reliance, and instead turn to the adult-use cannabis market to supply their cannabis and cannabis-based products. Factors that will influence this decision include the price of medical cannabis products in relation to similar adult-use cannabis products, the amount of active ingredients in medical cannabis products in relation to similar adult-use cannabis products, the types of cannabis products available to adult-users and limitations on access to adult-use cannabis products imposed by the regulations under the Cannabis Act and the legislation governing distribution of cannabis that will be enacted by the individual provinces and territories of Canada. These factors will not be ascertainable by us until after the regulations under the Cannabis Act and the individual provincial and territorial legislation providing for the legalization of adult-use cannabis are implemented.

The size of the Corporation's target market is difficult to quantify, and investors will be reliant on their own estimates of the accuracy of market data

Since the cannabis industry is in a nascent stage with uncertain boundaries, there is a lack of information about comparable companies available for potential investors to review in deciding about whether to invest in the Corporation and, few, if any, established companies whose business model the Corporation can follow or upon whose success the Corporation can build. Accordingly, investors will have to rely on their own estimates in deciding about whether to invest in the Corporation. There can be no assurance that the Corporation's estimates are accurate or that the market size is sufficiently large for its business to grow as projected, which may negatively impact its financial results.

The Corporation's industry is experiencing rapid growth and consolidation that may cause the Corporation to lose key relationships and intensify competition

The cannabis industry is undergoing rapid growth and substantial change, which has resulted in an increase in competitors, consolidation and formation of strategic relationships. Acquisitions or other consolidating transactions could harm the Corporation in a number of ways, including by losing strategic partners if they are acquired by or enter into relationships with a competitor, losing customers, revenue and market share, or forcing the Corporation to expend greater resources to meet new or additional competitive threats, all of which could harm the Corporation's operating results. As competitors enter the market and become increasingly sophisticated, competition in the Corporation's industry may intensify and place downward pressure on retail prices for its products and services, which could negatively impact its profitability.

The cultivation of cannabis involves a reliance on third party transportation which could result in supply delays, reliability of delivery and other related risks

In order for customers of the Corporation to receive their product, the Corporation will rely on third party transportation services. This can cause logistical problems with and delays in patients obtaining their orders and cannot be directly controlled by the Corporation. Any delay by third party transportation services may adversely affect the Corporation's financial performance.

Moreover, security of the product during transportation to and from the Corporation's facilities is critical due to the nature of the product. A breach of security during transport could have material adverse effects on the Corporation's business, financials and prospects. Any such breach could impact the Corporation's future ability to continue operating under its licenses or the prospect of renewing its licenses.

No Guaranteed Return

There is no guarantee that an investment in the MPXI Shares will earn any positive return in the short, medium or long term. There is no assurance that holders of the MPXI Shares will receive cash distributions or any rate of return on, or repayment of, their investment in the MPXI Shares. In fact, an investor could lose its entire investment in the MPXI Shares.

Revenue Shortfalls

Revenue shortfalls from budget may result from lower than expected sales volume, sale price and/or inventory due to inadequate marketing or lower than expected market stimulation. Average sales prices may be less than budgeted due to aggressive competitor pricing below the Corporation's prices.

Internal Controls

The failure to implement and maintain proper and effective internal controls and disclosure controls could result in material weaknesses in financial reporting, such as errors in financial statements and in the accompanying footnote disclosures that could require restatements. Investors may lose confidence in the Corporation's reported financial information and disclosure, which could negatively impact its share price.

The Corporation does not expect that its internal controls over financial reporting will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. Over time, controls may become inadequate because changes in conditions or deterioration in the degree of compliance with policies or procedures may occur. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Insurance Coverage

MPXI's insurance coverage may be inadequate to cover all significant risk exposures. MPXI will be exposed to liabilities that are unique to the products we provide. While we intend to maintain insurance for certain risks, the amount of its insurance coverage may not be adequate to cover all claims or liabilities, and we may be forced to bear substantial costs resulting from risks and uncertainties of its business. It is also not possible to obtain insurance to protect against all operational risks and liabilities. The failure to obtain adequate insurance coverage on terms favorable to us, or at all, could have a material adverse effect on its business, financial condition, and results of operations. MPXI does not have any business interruption insurance. Any business disruption or natural disaster could result in substantial costs and diversion of resources.

Competition for market share with other companies, including other producers licensed by Health Canada, some of which have longer operating histories and more financial resources and manufacturing and marketing experience.

The Corporation faces intense and increasing competition from other licensed producers and other potential competitors, some of which have longer operating histories and more financial resources and manufacturing and marketing experience than the Corporation that may enable them to compete more effectively. As well, MPXI's competitors may devote their resources to developing and marketing products that will directly compete with its product lines. Due to this competition, there is no assurance that we will not encounter difficulties in obtaining revenues and market share or in the positioning of its products. There are no assurances that competition in its respective industries will not lead to reduced prices for its products. If we are unable to successfully compete with existing companies and new entrants to the market this will have a negative impact on its business and financial condition.

In addition, it is possible that the medical cannabis industry will undergo consolidation, creating larger companies with greater financial resources, manufacturing and marketing capabilities and product offerings. As a result of this competition, we may be unable to maintain its operations or develop them as currently proposed, on terms we consider acceptable, or at all.

There are currently hundreds of applications for licensed producer status being processed by Health Canada. The number of licenses granted and the number of licensed producers ultimately authorized by Health Canada could have an adverse impact on the Corporation's ability to compete for market share in Canada's cannabis industry. MPXI expects to face additional competition from new market entrants that are granted licenses under the Cannabis Act, or existing license holders that are not yet active in the industry. If a significant number of new licenses are granted by Health Canada, we may experience increased competition for market share and may experience downward price pressure on its cannabis products as new entrants increase production.

MPXI also faces competition from unlicensed and unregulated market participants, including individuals or groups that are able to produce cannabis without a license similar to that under which we currently produce and illegal dispensaries and black market participants selling cannabis and cannabis-based products in Canada. These competitors may be able to offer products with higher concentrations of active ingredients than the Corporation is authorized to produce and sell and using delivery methods, including edibles, concentrates and extract vaporizers, that we are currently prohibited from offering to individuals in Canada. The competition presented by these participants, and any unwillingness by consumers currently utilizing these unlicensed distribution channels to begin purchasing from licensed producers for any reason, or any inability of law enforcement authorities to enforce existing laws prohibiting the unlicensed cultivation and sale of cannabis and cannabis-based products, could adversely affect its market share, result in increased competition through the black market for cannabis or have an adverse impact on the public perception of cannabis use and licensed cannabis producers and dealers.

In addition, the Cannabis Act permits patients in Canada to produce a limited amount of cannabis for their own purposes or to designate a person to produce a limited amount of cannabis on their behalf for such purposes (if authorized to do so). Widespread reliance upon this allowance could reduce the current or future consumer demand for its medical cannabis products.

If the number of users of cannabis for medical purposes in Canada increases, the demand for products will increase. This could result in the competition in the medical cannabis industry becoming more intense as current and future competitors begin to offer an increasing number of diversified medical cannabis products. Conversely, if there is a contraction in the medical market for cannabis in Canada, resulting from the legalization of adult-use cannabis or otherwise, competition for market share may increase. To remain competitive, we intend to continue to invest in research and development and sales and patient support; however, we may not have sufficient resources to maintain research and development and sales and patient support efforts on a competitive basis.

In addition to the foregoing, the legal landscape for medical cannabis use is changing internationally. MPXI has operations outside of Canada, which may be affected as other countries develop, adopt and change their cannabis laws. Increased international competition, including competition from suppliers in other countries who may be able to produce at lower cost, and limitations placed on us by Canadian or other regulations, might lower the demand for its medical cannabis products on a global scale.

On October 17, 2018, the Canadian Federal Government passed the "Cannabis Act", outlining the framework for the legalization of adult use cannabis, as well as laws to address drug-impaired driving, protect public health and safety and prevent youth access to cannabis. The provincial and municipal governments have been given explicit authority by the Federal Government to provide regulations regarding retail and distribution, as well as the ability to alter some of the existing baselines, such as increasing the minimum age for purchase and 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 Corporation. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition and results of operations of the Corporation.

Risks Inherent in an Agricultural Business

The Corporation's business involves the growing of medical cannabis, an agricultural product. Such business will be subject to the risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks. Although the Corporation expects that any such growing will be completed indoors under climate controlled conditions, there can be no assurance that natural elements will not have a material adverse effect on any such future production.

The expansion of the medical cannabis industry may require new clinical research into effective medical therapies, when such research is new to Canada

Research in Canada and internationally regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis or isolated cannabinoids (such as CBD and THC) remains in early stages. There have been relatively few clinical trials on the benefits of cannabis or isolated cannabinoids (such as CBD and THC). Although the Corporation believes that the articles, reports and studies support its beliefs regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis, future research and clinical trials may prove such statements to be incorrect, or could raise concerns regarding, and perceptions relating to, cannabis. Given these risks, uncertainties and assumptions, investors should not place undue reliance on such articles and reports. Future research studies and clinical trials may draw opposing conclusions to those stated in this prospectus or reach negative conclusions regarding the medical benefits, viability, safety, efficacy, dosing, social acceptance or other facts and perceptions related to medical cannabis, which could have a material adverse effect on the demand for the Corporation's products with the potential to lead to a material adverse effect on the Corporation's business, financial condition and results of operations.

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 Corporation's products are recalled due to an alleged product defect or for any other reason, the Corporation could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Corporation may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although the Corporation has detailed procedures in place for testing finished products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the Corporation's significant brands were subject to recall, the image of that brand and the Corporation as its owner could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the Corporation's products and could have a material adverse effect on the results of operations and financial condition of the Corporation. Additionally, product recalls may lead to increased scrutiny of the Corporation's operations by the FDA, Health Canada or other regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Regulatory or Agency proceedings, Investigations and Audits

The Corporation's business requires compliance with many laws and regulations. Failure to comply with these laws and regulations could subject the Corporation to regulatory or agency proceedings or investigations and could also lead to damage awards, fines and penalties. The Corporation may become involved in a number of government or agency proceedings, investigations and audits. The outcome of any regulatory or agency proceedings, investigations, audits, and other contingencies could harm the Corporation's reputation, require the Corporation to take, or refrain from taking, actions that could harm its operations or require the Corporation to pay substantial amounts of money, harming its financial condition. There can be no assurance that any pending or future regulatory or agency proceedings, investigations and audits will not result in substantial costs or a diversion of management's attention and resources or have a material adverse impact on the Corporation's business, financial condition and results of operation.

Lack of Earnings and Dividend Record

The Corporation has no earnings or dividend record. The Corporation has not paid dividends on its MPXI Shares since incorporation and does not anticipate doing so in the foreseeable future. Payments of any dividends will be at the discretion of the Board of Directors after taking into account many factors, including the financial condition and current and anticipated cash needs of the Corporation.

Tax

Canadian federal and provincial tax issues should be taken into consideration prior to investing in the MPXI Shares. The return on an investor's investment is subject to taxes and to changes in Canadian tax laws. There can be no assurance that tax laws, regulations or judicial or administrative interpretations of these laws and regulations will change in a manner that fundamentally alters the tax consequences to investors holding or disposing of the MPXI Shares.

If you are purchasing the MPXI Shares outside of Canada, you should consult your own tax advisor for advice for your local jurisdiction.

Potential for Conflict of Interest

All decisions to be made by such directors and officers involving the Corporation are required to be made in accordance with their duties and obligations to act honestly and in good faith with a view to the best interests of the Corporation. In addition, such directors and officers are required to declare their interests in, and such directors are required to refrain from voting on any matter in which they may have a material conflict of interest.

Anti-money laundering laws and regulations

The Corporation is subject to a variety of laws and regulations that involve money laundering, financial recordkeeping and proceeds of crime, including the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada)*, as amended and the rules and regulations thereunder, the *Criminal Code (Canada)* and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in Canada.

In February 2014, the Financial Crimes Enforcement Network ("**FCEN**") of the Treasury Department issued a memorandum (the "**FCEN Memo**") providing instructions to banks seeking to provide services to marijuana-related businesses. The FCEN Memo states that in some circumstances, it is permissible for banks to provide services to marijuana-related businesses without risking prosecution for violation of federal money laundering laws. It refers to supplementary guidance that Deputy Attorney General James Cole issued to federal prosecutors relating to the prosecution of money laundering offenses predicated on marijuana-related violations of the CSA. It is unclear at this time whether the current administration will follow the guidelines of the FCEN Memo.

Security Risks

The premises of the marijuana dispensaries are a target for theft. While the Corporation has implemented security measures and continues to monitor and improve its security measures, its cultivation, processing and dispensary facilities could be subject to break-ins, robberies and other breaches in security. In the event of robbery or theft, the loss of cannabis plants, cannabis oils, cannabis flowers and cultivation and processing equipment could have a material adverse impact on the business, financial condition and results of operation of the Corporation.

The Corporation's operations are subject to environmental regulation in the various jurisdictions in which it operates

These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Corporation's operations.

Government environmental approvals and permits are currently and may in the future be required in connection with the Corporation's operations. To the extent such approvals are required and not obtained, the Corporation may be curtailed or prohibited from its proposed business activities or from proceeding with the development of its operations as currently proposed. Failure to comply with applicable environmental laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. The Corporation may be required to compensate those suffering loss or damage due to its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Additional Information

Further information on MPXI may be found on the Corporation's website http://mpxinternationalcorp.com/ or readers can view annual financial statements and filings on SEDAR at http://www.sedar.com.