EXMCEUTICALS INC.
(formerly Orofino Minerals Inc.)
Management Discussion and Analysis
For the Nine Months Ended March 31, 2019

The following management discussion and analysis ("MD&A") of the financial condition and results of operations of EXMceuticals Inc. (formerly Orofino Minerals Inc.) (the "Company" or "EXM") should be read in conjunction with the condensed consolidated interim financial statements for the period ended March 31, 2019 and the related notes contained therein which have been prepared under International Financial Reporting Standards ("IFRS"), and all other disclosure documents of the Company. The MD&A should also be read in conjunction with the audited financial statements for the year ended June 30, 2018. All monetary amounts, unless otherwise indicated, are expressed in Canadian dollars. Additional information relating to the Company and other regulatory filings can be found on SEDAR website at www.sedar.com.

The Company's head office and principal business address is 24 West 4th Avenue, Vancouver, British Columbia, Canada. The Company's common shares are listed on the Canadian Securities Exchange (the "CSE") under the symbol "EXM". In April 2019, the Company began trading on the Frankfurt Stock Exchange under the securities identification code "WKN: A2PAW2" and "ISIN: CA30207T1049".

This MD&A is dated May 30, 2019.

DESCRIPTION OF BUSINESS AND REVIEW

EXM's activities are focused on the sustainable cultivation of cannabis and hemp, and the production of pharmaceutical grade, psychotropic and non-psychotropic cannabis and hemp ingredients for the pharmaceutical, therapeutical and nutraceutical industries. The Company proposes to export the extracted ingredients to international markets.

EXM, through its subsidiary and in-country partner, holds the rights to a cannabis license in the Kuba Kingdom, Mweka, Kasai Province, Democratic Republic of Congo, and the rights to a land concession for the cultivation of cannabis and hemp, and processing and export of high-grade pharmaceutical cannabinoid ingredients.

EXM is in the process of applying for a license in Portugal for the establishment of a laboratory for research, a nursery, and a center for processing and distribution. In addition to its more scientific mandate, the facility is proposed to be used by EXM as its base for distribution in the EU. EXM has initiated discussions with its university partners, Universidade Nova de Lisboa and Universidade Lusofona, and the government licensing authorities to obtain research & development, import, transformation and export licenses, which would enable EXM to establish its research and lab facilities, and confirm Portugal as the trans-shipment point for North America and Europe. Pending receipt of the license, EXM proposes to proceed with its R&D program, lab work and testing under the licenses that its university partners have already obtained.

EXM has submitted applications and undertaken negotiations with local governments and partners in Ethiopia, Uganda, Malawi, Zambia and Burundi, in order to obtain licences to permit the cultivation of cannabis and hemp, as well as the processing, transformation and export of psychotropic and nonpsychotropic cannabinoid ingredients. In Ethiopia, EXM is in its final stage of negotiation with the government for an agro-industrial park, of 10,000 acres encompassing a free trade zone. In addition, EXM is in the process of obtaining a license in each of Uganda and Malawi, in partnership with a large local agro producer, to enable the import of cannabis grown at other EXM sites in Africa.

SIGNIFICANT EVENTS/OVERALL PERFORMANCE

In January 2019, the Company announced that the Canadian Securities Exchange (the "CSE") approved the listing of the common shares of EXM. The Company's shares commenced trading on the CSE on January 31, 2019 under the trading symbol "EXM" and the Company closed its reverse take-over transaction (the "Transaction") with EXM Holdings Inc. (formerly EXMceuticals Inc.) ("EXM Holdings"). In connection with the closing of the Transaction, the Company changed its name to EXMceuticals Inc. and consolidated its common shares on the basis of seven pre-consolidated common shares to one post-consolidated common share (the "Consolidation").

Pursuant to the Transaction, the Company issued 29,761,858 post-consolidated common shares to the shareholders of EXM Holdings in exchange for 100% of the issued and outstanding shares of EXM Holdings. The Company also issued 148,809 common shares as a finder's fee in connection with the Transaction.

EXM Holdings owns 100% of the issued common shares of EXMKUBA Pharmaceutical and Therapeutical Farming Ltd ("EXMKUBA"). EXMKUBA, a Dominica company, holds 70% of the rights to a cannabis license issued by the Democratic Republic of Congo and 70% of the rights to a land concession of 10,000 acres with an option to acquire up to an additional 100,000 acres, located in the Kuba Kingdom, region of Mweka, Democratic Republic of Congo. The license allows EXMKUBA to grow, transform and export any cannabis products, both non-psychotropic and psychotropic, that it wishes to undertake to produce and export. EXMKUBA currently hold the largest license and land concession in the world to produce cannabis derived products. EMXKUBA currently has over 3 acres of cannabis growth and has entered into agreements with internationally recognized universities to develop methods of extracting the key ingredients from the cannabis plants.

The Company completed a concurrent financing for gross proceeds of $2,529,445 through the issuance of 3,011,220 post-consolidated common shares (the "Financing"), for the purpose of funding the business of EXM Holdings and general working capital of the Company. In connection with the Financing, the Company paid an aggregate finder's fee of $57,699 and issued 69,416 post-consolidated finder's warrants (the "Finder's Warrants"). Each Finder's Warrant is exercisable into one common share in the capital of the Company at an exercise price of $1.26 per common share for a period of one year from the date of issuance.

Directors, Officers and Insiders of Resulting Company

Upon closing of the Transaction the board of directors and management of the resulting listed company are as follows:

Michel Passebon, Chief Executive Officer and Director
Christopher Gulka, Chief Financial Officer and Director
Bobby Doyon, Director
Morten Borch, Director

The biographies of the proposed directors are set out below:

Michel Passebon: Mr. Passebon holds a diploma in Agro-Engineering which he received in 1975 in France. He completed the Master's in Project Management at the University du Québec in 1981. Mr. Passebon is a senior executive and engineer with over 35 years of experience in construction, management and leadership of projects and agencies at the international level. He began his career in 1975 as site coordinator for the emblematic Montréal Olympic Stadium project. He quickly advanced to leadership positions in industrial project operation, planning and management. His extensive and varied experience encompasses infrastructure, industry, environment, services and logistics. Mr. Passebon has worked on long term assignments in a dozen countries, giving him vast international experience, fueling his keen knowledge of people and culture. He was the lead project manager in the development, implementation and operation of a large-scale stevia farming and sweeteners extraction venture with offices in France and farm operations in Angola and Rwanda. Mr. Passebon is fluent in English and French and speaks basic Spanish.

Christopher Gulka: Mr. Gulka is a Chartered Professional Accountant and a Chartered Financial Analyst with over 24 years of business experience, and has been a director and officer of many public companies. Since 1999, Mr. Gulka has been the President of Working Capital Corporation, a corporate finance firm, specializing in the areas of valuations, due diligence, financings, mergers and acquisitions, investor relations, and management consulting. Prior thereto, Mr. Gulka gained extensive experience in the securities markets and with securities regulation by working for the Alberta Securities Commission as a Financial Analyst.

Bobby Doyon: Mr. Doyon is a Senior Partner at Joli-Coeur Lacasse Law Firm. Mr. Doyon works in the Business and Taxation Law departments. He provides support on a regular basis to entrepreneurs in their current operations and specific projects. He negotiates and acts on their behalf with government agencies to obtain the authorizations required to carry out their projects. His professional experience allows him to help resolve shareholder conflicts in addition to drafting various agreements for them, including shareholder agreements, limited partnership agreements and the establishment of various business partnerships.

Morten Borch: Mr. Morten Borch is currently a director of several private investment companies. He was previously a lawyer specializing in mergers and acquisitions, corporate fundraising and tax advice. After graduating from the University of Oslo with a Master of Laws degree, Mr. Borch initially worked in private banking for DNB ASA. He subsequently worked as a judge for two years before being appointed to head of the legal department at Norske Skogindustrrer ASA. Mr. Borch also worked as a partner at the law firm NORDIA DA.

In February 2018, the Company entered into a memorandum of understanding with GFR Pharma Inc. to form a joint venture company to distribute and sell, when legal to do so, EXM cannabis oil products and cannabis extracted ingredients in Canada and the United States. The MOU outlines that the parties will work together to establish an equal joint venture company, with EXM providing products including cannabis oils and ingredients, and GFR Pharma providing services including importation, storage and selling of the cannabis oil products and ingredients in the various markets when legal to do so. GFR Pharma and EXM are working together to formalize the terms of the joint venture in a binding agreement, subject to appropriate and necessary approvals, that will replace the MOU. GFR Pharma is British Columbia based nutraceutical manufacturing business that has been operating since 1998, and has the expertise to manage, process and sell various oil products. Utilizing its extensive nutraceutical based and quality controlled manufacturing expertise, GFR Pharma is in the process of applying to Health Canada for a license with regard to the handling of cannabis products.

In April 2018, the Company entered into a memorandum of understanding with Industrial Hemp Uganda Ltd. (“IHU”) to form a joint venture company for the production and processing of cannabis in Uganda, and the sale and export of cannabis oil and ingredients. The MOU contemplates that the joint venture company will be owned 70% by EXM and 30% by IHU. IHU holds cannabis production and processing licenses and over 50 acres of agricultural land in Uganda. IHU and EXM will work together to develop the produce and process cannabis products for export to wholesalers and retailers in Canada and worldwide where permitted by law. The parties are working to prepare a binding agreement that will formalize the terms governing the joint venture that will replace the MOU. The proposed joint venture with IHU is part of EXM’s plan to operate several commercial cannabis farms, and process and export cannabis oil and ingredients from multiple production sites located in Africa.

In February 2019, the Company announced that the Ministry of Finance, Economic Planning and Development of Malawi, together with the Special Projects Committee of Malawi and other government agencies, have provided EXM with a provisional letter providing a provisional authorization for EXM’s Malawi subsidiary, Ceuticals Farming Limited (“EXM Malawi”), to proceed with its cannabis project of cultivating cannabis and exporting cannabis extracted ingredients. EXM Malawi will be operating under the provisional authorization pending the issuance of a formal license which is currently expected to occur in next few months following the opening of the next session of the Malawi Parliament. Under the provisional authorization, EXM Malawi, proposes to cultivate an initial 50 hectares (120 acres) of cannabis and establish the required extraction capacities and ancillary services. Upon receipt of the formal license, EXM Malawi intends to establish over 800 hectares (2000 acres) of cannabis cultivation and processing capacity in Malawi.

In May 2019, the Company announced that it has entered into a non-binding heads of terms to acquire MM (Operations) Ltd. ("**MM Ltd**"), an agro-processing business in the Republic of Malawi.

Figure 1: To view an enhanced version of Figure 1, please visit:
https://orders.newsfilecorp.com/files/6363/44582_6720b7377441da23_002full.jpg

Transaction Overview

MM Ltd, which is currently active in the field of mango cultivation, has 280ha (682 acres) of fully drip-irrigated farms, a state of the art 4ha (10 acres) greenhouse nursery capable of growing up to 700,000 plants, a 10,000 m2 (107,640 ft2) processing facility and a green field site with access to ~1700ha (4,200 acres) of land. The acquisition of MM Ltd would provide an excellent platform for EXM to further expand its cannabis extracted ingredients production strategy for the pharmaceutical, nutraceutical and cosmetic industries. Closing of the transaction is subject to various conditions, including the parties entering into a definitive agreement, completion of due diligence and financing.

Location & Climate

The MM Ltd farms and factory are located in Salima which is approximately 90km (56 miles) from the capital city of Lilongwe. The road network connecting Lilongwe to Salima is paved and of high quality, in addition to some gravel access roads to the farms and factory.

Salima has a tropical climate with rainfall being less in winter than in summer. The average annual rainfall varies between 800 and 1,200mm per annum, with the wettest months being December to March. The temperatures range between a minimum average of 20°C and a maximum average of 35°C, with low humidity of around 60%.

Farming Asset Overview

- The infrastructure at the existing 280ha (682 acres) of farms has been established with room for further expansion with the capacity to connect the irrigation at two farms (2 km apart), accessing up to an additional ~120ha (296 acres) of irrigated land.
- The nursery is set within the existing farms in a 4ha (10 acres) greenhouse which is drip irrigated and can accommodate up to 700,000 plants. The nursery greenhouse is enclosed and secured to protect the plants from wind and other natural elements.
- The established farm site is fully electrically fenced with stringent security, manned 24hrs per day.
- The MM Ltd also has a long-term lease of an additional ~1700ha (4,200 acres) of land for further farming expansion, 450ha (1,112 acres) of which has been certified as organic.
- All the farms are located nearby or on the shores of Lake Malawi, a large freshwater resource from which excellent quality irrigation water is available all year round.

Figure 2: To view an enhanced version of Figure 2, please visit:
https://orders.newsfilecorp.com/files/6363/44582_6720b7377441da23_003full.jpg

Figure 3: To view an enhanced version of Figure 3, please visit:
https://orders.newsfilecorp.com/files/6363/44582_6720b7377441da23_004full.jpg

Factory Asset Overview

- The factory is approximately 25km (15.5 miles) from the farms.
- The facility is BRC (British Retail Consortium), HACCP, Kosher, Halal, and Rainforest Alliance (Chain of Custody) certified.

- Furthermore, it has passed audits and technical approval to supply a number of global and regional clients, including global leading juice manufacturers.
- Approximately 2,000 m2 (21,528 ft2) of the factory is warehouse space and there is significant room for expansion of cannabis ingredients production and CO2 extraction capabilities.
- There is an office block, medical facilities and canteen on the factory site.

In May 2019, the Company updated its performance share program, which was initially described in the Company's listing statement dated January 28, 2019. The performance share program provides a means for management of the Company to ensure key persons contributing to the growth and advancement of the business of the Company have their interests aligned with shareholders through the ability to earn shares upon achievement of certain significant business milestones by the company. The performance share program reserves a total of 12,216,600 common shares for issuance over time, subject to meeting business milestones. The update to the program restricts the number of shares available for issuance under the program at any time to no greater than 10% of the total number of common shares issued and outstanding.

RESULTS OF OPERATIONS

Quarterly Results

The following table summarizes the results of operations for the eight most recent quarters:

	2019, Q3	2019, Q2	2019, Q1	2018, Q4
Expenses	$ 5,681,952	$ 776,393	$ 464,377	$ 493,306
Net income (loss)	(5,681,952)	(776,393)	(464,377)	(493,306)
Total assets	1,449,534	1,550,148	358,647	283,961

	2018, Q3	2018, Q2	2018, Q1	2017, Q4
Expenses	$ 589,861	$ 216,986	$ 24,105	$ 61,710
Net income (loss)	(589,861)	(216,986)	(24,105)	(61,710)
Total assets	575,083	280,470	66,775	25,844

During the three months ended March 31, 2019, the Company recorded transaction costs of $4,419,032 in related to the RTO transaction.

<u>Results of Operations – For the Nine Months Ended March 31, 2019 Compared to the Nine Months Ended March 31, 2018</u>

During the nine months ended March 31, 2019, loss from activities increased to $6,922,722 compared to $830,952 for the nine months ended March 31, 2018. The increase in loss from operating activities is mainly made up of:

- Consulting fees were $1,053,837 for the nine months ended March 31, 2019 compared to $699,762 for the nine months ended March 31, 2018. The increase is due to the addition of new consultants during the current period.
- Operating expenses were $1,104,047 for the nine months ended March 31, 2019 compared to $26,655 for the nine months ended March 31, 2018. The increase is a result of the activities engaged in the Company's corporate and foreign operations in the current year including the Company's subsidiary in the Democratic Republic of Congo.
- Transaction costs of $4,419,032 for the nine months ended March 31, 2019 were related to the RTO transaction. The fair value of the common shares acquired by the shareholders of EXM Holdings exceed the fair value of the assets acquired and liabilities assumed of EXMC.

<u>Results of Operations – For the Three Months Ended March 31, 2019 Compared to the Three Months Ended March 31, 2018</u>

During the three months ended March 31, 2019, loss from activities increased to $5,681,952 compared to $589,861 for the three months ended March 31, 2018. The increase in loss from operating activities is mainly made up of:

- Operating expenses were $774,720 for the three months ended March 31, 2019 compared to $26,655 for the three months ended March 31, 2018. The increase is a result of the activities engaged for the Company's corporate and foreign operations in the current year including the Company's subsidiary in the Democratic Republic of Congo.
- Transaction costs of $4,419,032 for the three months ended March 31, 2019 were related to the RTO transaction. The fair value of the common shares acquired by the shareholders of EXM Holdings exceed the fair value of the assets acquired and liabilities assumed of EXMC.

Cash Flow

Operating Activities

Cash outflow from operating activities was $3,275,360 for the nine months ended March 31, 2019 compared to $778,052 for the nine months ended March 31, 2018. The outflow from operating activities is the result of the activities described in the results of operations above.

Financing Activities

Cash inflow from financing activities was $3,671,062 for the nine months ended March 31, 2019 compared to $997,553 for the nine months ended March 31, 2018. The inflow from financing activities is the result of private placements, warrants exercised, loans payable and advances received prior to the RTO transaction.

Investing Activities

Cash outflow from investing activities was $221,918 for the nine months ended March 31, 2019 compared to $47,771 for the nine months ended March 31, 2018. The outflow from investing activities is the result of the acquisition of certain equipment.

LIQUIDITY AND CAPITAL RESOURCES

The Company is not in commercial production on its independence claim and accordingly, it does not generate cash from operations. The Company finances development and activities by raising capital from equity markets from time to time. As at March 31, 2019, the Company had cash of $321,249 (June 30, 2018 - $147,465).

As at March 31, 2019, the Company had working capital of $213,772 compared to working capital deficiency of $530,731 as at June 30, 2018.

Upon closing the Transaction, the Company completed a financing for gross proceeds of $2,529,445 through the issuance of 3,011,220 common shares. In connection with the financing, the Company paid an aggregate finder's fee of $57,699 and issued 69,416 finder's warrants (the "Finder's Warrants") at a fair value of $3,760. Each Finder's Warrant is exercisable into one common share in the capital of the Company at an exercise price of $1.26 per common share for a period of one year from the date of issuance.

In March 2019, the Company completed the first tranche of a financing for gross proceeds of $1,011,717 through the issuance of 749,421 common shares. In connection with the financing, the Company paid an aggregate finder's fee of $70,820 and issued 52,457 finder's warrants (the "Finder's Warrants") at a fair value of $33,101. Each Finder's Warrant is exercisable into one common share in the capital of the Company at an exercise price of $1.35 per common share for a period of 18 months from the date of issuance.

In April 2019, the Company completed the second tranche of a financing for gross proceeds of $2,506,820 through the issuance of 1,856,904 common shares. In connection with the financing, the Company paid an aggregate finder's fee of $144,765 and issued 107,233 finder's warrants (the "Finder's Warrants"). Each Finder's Warrant is exercisable into one common share in the capital of the Company at an exercise price of $1.35 per common share for a period of 18 months from the date of issuance.

During the period ended March 31, 2019, the Company received proceeds of $33,999 from the exercise of 57,142 warrants and subsequent to March 31, 2019 the Company received proceeds of $8,500 from the exercise of 14,285 warrants.

GOING CONCERN

The condensed consolidated interim financial statements for the period ended March 31, 2019 have been prepared on the basis that the Company will continue as a going concern, which assumes the realization of assets and settlement of liabilities in the normal course of business. The appropriateness of the going concern assumption is dependent upon the Company's ability to generate future profitable operations and/or generate continued financial support in the form of equity or other financings.

Management feels that sufficient working capital will be obtained from public share offerings and the sale of marketable securities to meet the Company's liabilities and commitments as they come due. The condensed consolidated interim financial statements do not reflect any adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classification that would be necessary if the going concern assumption were not appropriate and such adjustments could be material.

SHARE CAPITAL

As at the date of this report, the Company had the following outstanding:

- 39,230,186 common shares
- Warrants

Number of Warrants	Exercise Price ($)	Expiry Date
69,416*	1.26	December 7, 2019
1,114,286	0.35	June 16, 2020
52,457*	1.35	September 15, 2020
107,233*	1.35	October 17, 2020
1,559,454	0.595	January 24, 2023
2,902,846		

*Finder's warrants

- There are no stock options outstanding

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off balance sheet arrangements.

RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, officers, key management personnel, close family members and enterprises that are controlled by these individuals. Key management personnel are those having authority and responsibility for planning and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

During the nine months ended March 31, 2019, the Company incurred consulting fees of $618,239 (2018 - $248,500) to related parties. As at March 31, 2019, the Company owed $46,075 (June 30, 2018 – $Nil) to related parties.

Included in advances payable at March 31, 2019 is $Nil (June 30, 2018 - $168,281) owing to related parties.

The amounts due to and from related parties are unsecured, non-interest bearing, and have no fixed terms of repayment.

CONTRACTUAL COMMITMENTS

Previous commitments have expired and new arrangements have not been made.

CRITICAL ACCOUNTING ESTIMATES

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the financial statements.

ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Please refer to the March 31, 2019 condensed consolidated interim financial statements on www.sedar.com.

FINANCIAL INSTRUMENTS

Please refer to the March 31, 2019 condensed consolidated interim financial statements on www.sedar.com.

RISK AND UNCERTAINTIES

As at the date of this report, the Company had no income generating assets and is not able to finance day-to-day activities through operations. The Company’s continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with cash on hand, issuance of common shares in private placements and loans from related parties as required.

Risks Related to the Operations of the Company

Risks Inherent in an Agricultural Business

The Company's business plan provides for the cultivation and production of medical marijuana as an agricultural product. As such, the business is subject to the risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks. Although the Company proposes to grow its proposed products indoors under climate controlled conditions, there can be no assurance that natural elements will not have a material adverse effect on the volume, quality and consistency of its products.

Political Situation in the Democratic Republic of Congo

The current political situation in the DRC in regards to the departure of President Kabila, the stabilization of the Kamwina Nsapu militia issues and the political stakeholders reaching an agreement in regards to the elections, may present risks of disruptions to the construction and production activities. The general elections were held in the DRC on December 30, 2018, thus the risks were considered to be at their peak during the elections. On January 10, 2019, the electoral commission announced that Felix Tshisekedi was the winner of the presidential vote, and on January 20, 2019, the DRC's constitutional court upheld Tshisekedi's victory. A large coalition of countries worldwide as well as supra-national organizations positioned themselves in the election discourse and their implementation considerably reduce the risks of serious disruptions resulting from the elections. The remoteness of EXMC's Kuba plantation as well as the fact that it is located on territories of the Kuba Kingdom also provide a natural barrier which future reduces the risks that the election could disrupt EXMC's operations.

Operating Risk and Insurance Coverage

Any adverse changes or developments affecting the cannabis crops and commencement of production in the DRC could have a material and adverse effect on the Company's business, financial condition and prospects. There is a risk that these changes or developments could adversely affect the business 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; plant 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; labour disputes, disruptions or declines in productivity; inability to attract sufficient numbers of qualified workers; disruption in the supply of energy and utilities; or major incidents and/or catastrophic events such as fires, explosions, earthquakes or storms.

The Company plans to purchase insurance to protect its assets, operations and employees. While the Company believes its insurance coverage will address all material risks to which it may be exposed to and will be adequate and customary in its state of operations, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which the Company is exposed. In addition, no assurance can be given that such insurance will be adequate to cover the Company's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If the Company were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if the Company were to incur such liability at a time when it is not able to obtain liability insurance, its business, results of operations and financial condition could be materially adversely affected.

Transportation risks

Due to the perishable nature of the Company's proposed products, the Company expects to depend on expedient and efficient third party transportation services to distribute its product. Any prolonged disruption of third party transportation services could have an adverse effect on the financial condition and results of operations of the Company. The increased costs associated with the third party transportation services to ship the Company's proposed products may also adversely impact the business of the Company and its ability to operate profitably.

Limited Operating History

The Company is new to the cannabis sector, therefore subject to many of the risks common to early-stage enterprises, including limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

Reliance on Management

The success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management. The Corporation's future success depends on its continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. Qualified individuals are in high demand, and the Corporation may incur significant costs to attract and retain them. In addition, the loss of any of the Corporation's senior management or key employees could materially adversely affect its ability to execute its business plan and strategy, and it may not be able to find adequate replacements on a timely basis, or at all. The Licence is dependent on key personnel occupying senior roles as per the ACMPR requirements. Loss of key personnel named would result in delays in obtaining the licences and adversely impact the Corporation's ability to execute the business plan. The Corporation does not maintain key man insurance.

Management of Growth

The Company may be subject to growth-related risks, including capacity constraints and pressure on its internal systems and controls. The Company intends to manage its growth effectively by continuing to implement and improve its operational and financial systems and to expand, train and manage its employee base. Mismanagement of such growth could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Conflicts of Interest

The Company may be subject to various potential conflicts of interest because of the fact that some of its officers and directors may be engaged in a range of business activities. In addition, the Company's executive officers and directors may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to the Company. In some cases, the Company's executive officers and directors may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to the Company's business and affairs and that could adversely affect the Company's operations. These business interests could require significant time and attention of the Company's executive officers and directors.

In addition, the Company may also become involved in other transactions which conflict with the interests of its directors and the officers who may from time to time deal with persons, firms, institutions or Companies with which the Company may be dealing, or which may be seeking investments similar to those desired by it. The interests of these persons could conflict with those of the Company. In addition, from time to time, these persons may be competing with the Company for available investment opportunities. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws. In particular, in the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company.

The Company is Not a Licensed Producer, Importer or Distributor under the ACMPR

The Company may apply to Health Canada to become a licensed importer to allow for the importation and sale of medical marijuana in Canada. The Company has not yet received the licences and there is no guarantee that it will receive a licence. Health Canada has received many applications and only a small fraction have been approved to date. Furthermore, the timing and success of the Company at the various steps in the licensing process is beyond its control and the sole discretion thereof lies with Health Canada. The Company's ability to grow, store and sell medical marijuana in Canada is dependent on receiving the importation and sales licences from Health Canada and there can be no assurance that the Company will obtain such licences.

Even if the Company is successful in obtaining the importation and sales licences, such licences will be subject to ongoing compliance and reporting requirements. Failure to comply with the requirements of the licences or any failure to maintain the licences would have a material adverse impact on the business, financial condition and operating results of the Company. Although the Company believes that it will meet the requirements of the ACMPR, there can be no guarantee that Health Canada will grant the licences. Should Health Canada not grant the licences, the business, financial condition and operating results of the Company would be materially adversely affected. To the extent such licences are not obtained, the Company may be curtailed or prohibited from its proposed importation of medical marijuana or from proceeding with the development of its business as currently proposed.

For additional Risk Factors, refer to the filing statement on www.sedar.com on January 30, 2019.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Venture issuers are not required to include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings ("NI 52- 109"). In particular, the Company's certifying officers are not making any representations relating to the establishment and maintenance of:

1. controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

2. a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Company's generally accepted accounting principles.

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they make. Investors should be aware that inherent limitations on the ability of the Company are certifying officers to design and implement on a cost effective basis.

FORWARD LOOKING STATEMENTS

Forward looking statements are statements that are not historical facts and are generally, but not always identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential", "interprets" and similar expressions, or that events or conditions "will", "may", "could" or "should" occur. The information contained herein may contain forward looking statements including expectations of future production, cash flows or earnings. These statements are based on current expectations that involve a number of risks and uncertainties which could cause actual results to differ from those anticipated. Factors that could cause the actual results to differ materially from those in forward looking statements, but are not limited to: the risk associated with the oil and gas industry (e.g. operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserves estimates; the uncertainty of estimates and projections relating to production, costs and expenses, and health, safety and environmental risks), commodity price, price and exchange rate fluctuation and uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures. The foregoing list of assumptions is not exhaustive. Additional information on these and other factors that could affect the Company's operations or financial results are included in the Company's reports on file with Canadian securities regulatory authorities. Events or circumstances could cause results to differ materially.