CITATION GROWTH CORPORATION

(Formerly Liht Cannabis Corp. and Marapharm Ventures Inc.)

MANAGEMENT DISCUSSION & ANALYSIS
For the three and twelve months ended March 31, 2019

Management's Discussion and Analysis

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Citation Growth Corporation, formerly Liht Cannabis Corp. and Marapharm Ventures Inc. and its subsidiaries (collectively, the "Company" or "Citation") constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended March 31, 2019. The MD&A should be read in conjunction with the Company's audited consolidated financial statements for the year ended March 31, 2019 and 2018, along with the notes thereto (the "Annual Financial Statements"). A copy of the Annual Financial Statements is filed on the SEDAR website, www.sedar.com.

The Annual Financial Statements were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All information in this MD&A is current as of July 25, 2019, unless otherwise indicated. All dollar figures are expressed in thousands of Canadian dollars, except for share data, or unless otherwise noted.

Management is responsible for the information contained in this MD&A and its consistency with information presented to the Audit Committee and Board of Directors. The Annual Financial Statements and MD&A have been reviewed by the Company's Audit Committee and approved by the Board of Directors on July 25, 2019.

This MD&A may contain forward-looking statements and should be read in conjunction with the cautionary statement on forward-looking statements at the end of this MD&A. These forward looking statements are based on assumptions and judgments of management regarding events or results that may prove to be inaccurate resulting from risk factors beyond its control. Actual results may differ materially from the expected results.

Cannabis Industry Involvement Statement

Cannabis is legal in each jurisdiction where Citation is engaged in, however, cannabis remains illegal under US federal law and the approach to enforcement of US federal law against cannabis is subject to change. Shareholders and investors need to be aware that adverse enforcement actions could affect their investments and that Citation's ability to access private and public capital could be affected and or could not be available to support continuing operations. Citation's business is conducted in a manner consistent with each jurisdiction's laws and complies with their licensing requirements. The Company has internal compliance procedures in place as well as compliance focused attorneys engaged to monitor changes in laws and compliance with Canadian, US Federal and State Law.

In Washington, the Company owns 13.6 acres of land and buildings specifically approved for cannabis business use. The property is currently listed for sale but is also being negotiated for joint venture opportunities.

In Nevada, the Company holds state approved licenses for medical and recreational cultivation and production. The Company is also awaiting final approval for its distribution license from the Nevada Department of Taxation. The Company complies with its ongoing monthly reporting and inspections for its licensing in Nevada, with the City of North Las Vegas and the Nevada Department of Taxation.

In California, the Company holds a temporary adult use and medical retail license. The State of California has issued only temporary licenses, to all state license holders while they develop permanent regulations. The Company also owns two properties, with two conditional use permits for medical and adult use cannabis cultivation associated to each property. Licensing in California is done through the State of California with the support of the local jurisdiction who pre-approves each application for the State. All regulatory compliance has been followed with these licenses.

In Canada, the Company, owns a 40-acre property and cannabis growing facilities that are under construction located in Celista, British Columbia. A total of ten 10,000 square foot engineered bio-secure facilities are to be constructed on the site and the Company currently has a pending late-stage 100,000 sq. ft. license application under the Cannabis Act for the property.

The Company has the same philosophical view as the guidelines set out in the Cole Memo (rescinded), and strictly complies with its guidelines, which include: preventing the distribution of cannabis to minors, preventing revenue from the sale of cannabis going to criminal enterprises, preventing the diversion of cannabis from states where it is legal to states where it is not, preventing state legal activity from being a "front" for the distribution of other illicit drugs, preventing violence in the cultivation and distribution of cannabis, preventing intoxicated driving and other public health consequences associated with cannabis use, preventing of cultivation of cannabis on public lands, as well as, preventing the use of cannabis on Federally owned property.

Corporate Overview

Citation Growth Corp. ("Citation" or the "Company"), was incorporated under the *Business Corporations Act* (British Columbia) on April 24, 2007 as "0789189 B.C. Ltd". On March 5, 2012, the Company approved a plan of arrangement with its parent company, Whitewater Resources Ltd., and became a reporting issuer. On May 21, 2013, the Company changed its name to "Capital Auction Market Inc". On August 1, 2014, the Company changed its name to "Marapharm Ventures Inc". On October 24th, 2018, the Company changed its name to "Liht Cannabis Corp.".

On June 12, 2019, the Company changed its name to "Citation Growth Corporation" and consolidated of its share capital on the basis of one (1) post-consolidated common share for every four (4) pre-consolidated common shares. All information in these MD&A is presented on a pre-share consolidation basis unless otherwise noted, with the exception of Loss per Share and Summary Of Outstanding Share Data.

The Company's common shares are currently trading on the Canadian Stock Exchange ("CSE") under the symbol "CGRO" and on the OTCQX Markets under the ticker symbol "CGOTF".

Citation is engaged in investing in the medical and recreational cannabis industry, with operations in the United States and British Columbia, Canada. It is a licensed cultivator and producer in the state of Nevada and has a dispensary location in California.

Overall Performance

Las Vegas, Nevada, United States

The Company, through Marapharm Las Vegas ("MLV"), holds 6 state approved licenses, which include two medical cultivation, two recreational cultivation, one medical production and one recreational production licenses.

The Company's two 5,000 sq. ft. facilities located on its 7.1 acres of property at the Apex Business Park in North las Vegas, Nevada are now fully operational. The licenses are approved to expand to up to approximately 300,000 sq. ft. of both cultivation and production facilities. Citation completed its first harvest in February 2019 and commercial wholesale sales of recreational cannabis began in May 2019. The Company's products include Triple Certified organic premium flower and pre-rolls. Production facilities, which allow for extraction and processing of concentrates, were approved in June 2019 and product development is currently underway focused on a quality concentrate brand and vape pens.

All premium cannabis is certified as organically grown from EnvirOganic, Certified Kind and Clean Green. The certifications provide verification that the Company meets or exceeds NOP (National Organic Program) standards for cultivation and that it is using only OMRI, WSDA or CDFA certified inputs, is following social justice directives and has accurate and complete record keeping practices.

In April 2019, the Company received conditional approval for a cannabis distribution license from the Nevada Department of Taxation. Receipt of final approval will allow Citation to begin delivering its products to Nevada recreational retailers.

Lynden, Whatcom County, Washington, United States

The Company, through Marapharm Washington, LLC ("MWA"), owns 13.85 acres of land and buildings specifically approved for cannabis business use. The property is currently listed for sale but is also being negotiated for joint venture opportunities.

Desert Hot Springs, California, United States

The Company, through Marapharm DHS California, owns approximately a total of 3.35 acres of properties located in Desert Hot Springs, California. There are two adult conditional use permits for medical and recreational cannabis cultivation facilities awarded to these properties. These properties are currently listed for sale.

The Company, through 420 Express Delivery dba Green Leaf Wellness ("Green Leaf"), is operating a dispensary in Desert Hot Springs, California which currently holds a temporary adult use and medical retail license. On March 5, 2019, the Company signed a letter of intent (the "LOI") with respect to a proposed acquisition by Cannabis One Holdings Inc. ("Cannabis One") of 51% of the Company's interest in Green leaf. Under the LOI, Cannabis One will carry out a rebranding of the dispensary under Cannabis One's The Joint™ banner, and has a right of first refusal to purchase the remaining 49% of Green Leaf. Closing of the transaction is subject to among other things, Green Leaf's receipt of an operating retail license.

As a result of the LOI, the assets and liabilities of Green Leaf were classified as a disposal group, and as at March 31, 2019, the assets and liabilities of Green Leaf were reclassified to assets held for sale.

Kelowna, BC, Canada

Celista Property

The Company, through Full Spectrum, owns a 40-acre property and cannabis growing facilities that are under construction located in Celista, British Columbia. A total of ten 10,000 square foot engineered bio-secure facilities are to be constructed on the site (the "Celista Project"), and Citation currently has a pending late-stage 100,000 square feet license application under the Cannabis Act for the Celista Project. Two of the 10,000 square feet facilities are currently under construction and nearing completion.

On January 30, 2019, the Company entered into an agreement with 1186626 BC Ltd. ("118") to jointly develop the Celista Project. 118 will provide a capital contribution of $10,000 (the "Contribution") to be paid in four tranches for each two 10,000 sq. ft. facilities getting completed and operational, while the Company secures the license for the Celista Project.

Pursuant to the agreement, each of the Company and 118 will be entitled to receive 50% of the net cashflows from the Celista Project within three years after the date that all ten facilities are concurrently fully operational and in full production (the "Distribution"), and 100% to the Company thereafter. In the event 118 defaults in payment of any portion of the Contribution, its entitlement to the Distribution shall be reduced by 12.5% for each tranche or portion not advanced to the Celista Project until such time the default has been remedied.

Chase Project

On January 30, 2019, as amended on May 6, 2019, the Company, through Full Spectrum Medicinal Inc. ("Full Spectrum"), entered into a joint venture agreement with 118 and 1196788 BC Ltd. ("119") to develop and operate cannabis production facilities located in Chase, British Columbia (the "Chase Project") through 119. 119 is currently controlled by 118 and is in the process of completing the purchase of a 120 acre parcel of land located in Chase, British Columbia, zoned "Approved Use" by the Thompson-Nicola Regional District for the purpose of developing and operating bio-secure organic cannabis production facilities of up to 486,000 square feet. 118 will be financing the Chase Project while Citation is in the process of securing a license under the Cannabis Act for the Celista Project. See "*Subsequent Events, Buds For you Inc.*"

118 will pay all capital contributions of approximately $81,600 on the Chase Project. Upon repayment of two-thirds of the total capital contributions to 118, 119 will issue 50% of its issued and outstanding shares to the Company such that 119 will be equally held by the Company and 118. In addition, a director of the Company will be appointed to the board of 119 resulting in both parties having a representation on the board of 119.

Under the agreement, the Company and 118 will be entitled to 20% and 80%, respectively, of the net cashflows from the Chase Project if at the time of the distribution, 118 has not been repaid in full for all of its capital contributions. If at the time of distribution, 118 has been fully repaid, the distribution shall be 50% to each of the Company and 118.

Significant Events and other Corporate Developments During the Year

Acquisitions

Full Spectrum

On September 25, 2018, the Company completed the acquisition of all of the issued and outstanding securities of Full Spectrum for aggregate consideration of $20,440 consisting of 88,182,102 common shares at a fair value of $18,959, 9,945,000 share purchase warrants at a fair value of $860 and acquisition costs of $621 which consisted of $4 in cash and 3,009,295 common shares at a fair value of $617. See "Celista Property" above for a full description of Full Spectrum's assets.

Tonasket, Washington property

On May 29, 2018, the Company completed the acquisition of certain operational assets, leases, subleases and an option and right of first refusal ("ROFR') to purchase Washington State Liquor Cannabis Board ("WSLCB") Tier 2 and Tier 3 cultivation and processing licenses related to cannabis production and processing operations in Tonasket, Washington (the "Property"). In consideration for the acquisition, the Company issued 4,000,000 common shares of the Company at a fair value of $2,520.

As of March 31, 2019, the Company decided not to pursue cannabis production operations in Washington and is currently negotiating for an assignment of its ownership interest in the Property for $900 in settlement of the Company's loan. See "*Contingencies"*

Financing

The Company closed the following non-brokered private placements during the year:

1. On April 2, 2018, the Company closed the second tranche of a non-brokered private placement of 246,805 units at $0.865 per unit for gross proceeds of $213. Each unit consisted of one common share and one share purchase warrant exercisable at $0.87 per share until April 2, 2019.

2. On May 18, 2018, the Company closed a non-brokered private placement of 7,500,003 units at $0.60 per unit for gross proceeds of $4,500. Each unit consisted of one common share and one-half of one share purchase warrant of the Company. Each warrant is exercisable into one common share at a price of at $0.70 per share until May 21, 2019.

   In conjunction with the closing of the private placement, the Company paid aggregate consulting fees of $3,647 to all subscribers of this private placement pursuant to consulting agreements for a term of one year for services related to capital markets, mergers and acquisitions ("M&A") opportunities and other advisory services. See "*Contingencies*"

3. On June 11, 2018, the Company closed a non-brokered private placement of 9,350,000 units at $0.50 per unit for gross proceeds of $4,675. Each unit consisted of one common share and one-half of one common share purchase warrant. Each warrant is exercisable into one common share at a price of $0.70 per share until June 11, 2019.

   In conjunction with the closing of the private placement, the Company paid aggregate consulting fees of $3,848 to certain subscribers of this private placement pursuant to consulting agreements for a term of one year for services related to capital markets, M&A opportunities and other advisory services. See "*Contingencies*"

4. On November 19, 2018, the Company closed a non-brokered private placement of 2,156,000 units at $0.25 per unit for gross proceeds of $539. Each unit consisted of one common share and one common share purchase warrant exercisable at a price of $0.50 per share until May 19, 2020.

5. On March 28, 2019, the Company closed a non-brokered private placement of 2,125,000 units at $0.20 per unit for gross proceeds of $425. Each unit consisted of one common share and one-half of one common share purchase warrant, with each whole warrant exercisable at a price of $0.50 per share until September 25, 2020.

Board Changes

On July 31, 2018, Yari Nieken resigned from the Board.

On August 8, 2018, David Alexander resigned from the Board.

On August 13, 2018, Rahim Mohamed was appointed to the Board as an independent director.

On October 16, 2018, Richard Huhn of Full Spectrum was appointed to the Board as an independent director.

On December 21, 2018, Raman Gill was appointed to the Board as an independent director.

On March 1, 2019, Corey Klassen resigned from the Board.

On March 14, 2019, Linda Sampson resigned from the Board.

On March 14, 2019, Marcel LeBlanc was appointed to the Board as an independent director.

Management Changes

On October 25, 2018:

(i) Linda Sampson resigned as CEO of the Company;

(ii) Linda Sampson was appointed as COO of the Company; and

(iii) Rahim Mohamed was appointed as CEO of the Company.

On March 26, 2019, Linda Sampson resigned as COO of the Company.

On March 26, 2019, Rene Wolfe resigned as Corporate Secretary of the Company.

Subsequent Events

Acquisitions

Buds For You Inc. ("Buds")

The Company, through Full Spectrum, entered into a Share Exchange Agreement (the "Agreement") dated April 19, 2019 to acquire Buds For You Inc. ("Buds"), a late stage cannabis cultivation, processing and sales license applicant under the Cannabis Act (the "Buds License"). The Company intends to transfer the Buds License to 119 on closing of the acquisition. See "*Chase Project*"

ACC Group of Companies

On June 14, 2019, the Company entered into a Share Exchange Agreement to acquire ACC Group of Companies ("ACC"), a Nevada based group of companies licensed for cannabis cultivation, in exchange for 23,500,000 post-consolidation shares and 11,500,000 post-consolidation units of the company. Each unit will consist of one post-consolidation share and 1 warrant to acquire 11,500,000 post-consolidation shares of the company at $2.50 per post-consolidation share for a period of two years from closing of the acquisition, subject to acceleration if the volume weighted average price of the company's post-consolidation shares is greater than $3.50 per post-consolidation for a period of 10 consecutive trading days.

All post-consolidation consideration shares including post-consolidation shares issuable on the exercise of warrants to be issued to the management of ACC will be subject to a three year escrow. All other consideration post-consolidation shares shall be subject to resale restrictions in accordance with securities laws.

Additionally, subject to the policies of the CSE and applicable securities legislation, the Company and ACC will implement a management incentive plan allowing for the issuance of up to US$10 million in post-consolidation shares based on the achievement of certain performance milestones for each the Company's Canadian and US operations.

Concurrent with the closing of the acquisition, the Company has agreed to undertake an equity financing of up to US$10 million along with a potential debt financing of up to US$17 million secured against the Company's North Las Vegas assets. Further, the Company and ACC may elect to jointly pursue an additional unsecured non-dilutive debt financing of up to US$7 million for further development of ACC's Pahrump, Nevada licensed assets.

On closing of the acquisition, Howard Misle, ACC's CEO, will be appointed CEO of the Company and will assume responsibilities for all US operations, bringing a wealth of regulatory and operational experience to the rapidly expanding Nevada cannabis market, and Rahim Mohamed, CEO of Citation, will be appointed President of the Company, and will oversee all Canadian operations as the Company continues the facility expansion on its Chase and Celista, British Columbia properties.

The Company believes that the acquisition of ACC will reaffirm Citation's continuing corporate growth strategy to become a leading multi-state operator of cannabis cultivation and production assets across the United States and Canada, as legislation and regulations may permit. Citation also believes that it will have completed a key strategic alignment in the State of Nevada, providing the launchpad to become a dominant cultivator and distributor of premium cannabis products to the State's vibrant medical and recreational markets. The Company further anticipates that the integration of ACC's innovative agronomic ability and cannabis marketing infrastructure will help bolster Citation's considerable triple-organic-certified cannabis cultivation and production experience.

Financing

The Company closed the first and second tranches of a one-year, 10% convertible debentures for an aggregate principal amount of $500. The debentures are convertible into units of the Company at $0.20 per unit. Each unit consists of one common share and one warrant exercisable at a price of $0.35 per share for a period of 18 months.

Management Changes

On April 1, 2019, Hanspaul Pannu, former CFO, was appointed President of the Company and Nilda Rivera was appointed CFO & Corporate Secretary of the Company.

Share and Warrant Issuances

(i) An aggregate of 522,489 common shares and 503,250 warrants were issued on the conversion of $101 principal amount of debentures and interests of $4. Each warrant is convertible into common shares at a price of $0.50 per share until October 23, 2019.

(ii) 316,120 common shares were issued for services at a fair value of $65.

(iii) 118,256 common shares were issued for the purchase of assorted cannabis genetics at a fair value of $24.

(iv) 250,000 shares were returned to treasury.

Stock Options and RSU Grants

The Company granted to directors, officers, employees and consultants stock options to purchase 1,065,000 common shares at an exercise price of $0.22 per share expiring April 22, 2024 and 300,000 common shares at an exercise price of $0.80 per share expiring June 21, 2021.

The Company awarded 22,700,000 RSUs to directors, officers, employees and consultants. The RSUs vest every three months over a period of one year and entitle the participants to receive one share for each vested RSU.

Restatement of Audited Consolidated Financial Statements for the Year Ended March 31, 2018 ("2018 Annual Financial Statements")

The Company's Annual Financial Statements include amended and restated comparative figures for the 2018 Annual Financial Statements to correct certain material classification errors in its prior filing (the "Restated Financial Statements"). The full effects of the restatement are outlined in Note 6 to the Annual Financial Statements.

The Restated Financial Statements reflect corrections for errors related to:

(a) the investments in private placements of units and warrant offering (the "Investments"). In the 2017 & 2018 Annual Financial Statements, the value of the warrants in the warrant offering was included in investment in associates and no value was assigned to the warrants from the unit private placements. The warrants are derivative financial instruments under IAS 39, and as a result, the warrants in the unit private placements should have been subsequently measured at FVTPL and the warrant from the offering should have been initially and subsequently measured at FVTPL and excluded from investment in associates. The material impact of the correction for 2017 and 2018 was as follows:

<u>2017</u>

(i) to increase derivative asset and decrease deficit by $3,405 to recognize the fair value of the warrants;
(ii) to decrease investment in associates by $250 to exclude the value of the warrants; and
(iii) to record an unrealized gain on derivative asset of $3,155.

<u>2018</u>

(i) to increase derivative asset and decrease deficit by $2,472 to recognize the fair value of the warrants;
(ii) to record an unrealized loss on derivative asset of $933; and
(iii) to decrease the share of loss in investment in associate by $239.

(b) the US convertible bonds (the "Bonds"). In the 2017 and 2018 Annual Financial Statements, the Company classified the Bonds as a compound instrument and recognized a liability component and an equity component related to the conversion feature of the Bonds. Under IAS 39, since the Bonds were denominated in US dollars which is not the functional currency of the Company, the conversion feature embedded in the Bonds should have been classified as a derivative liability. The overall instrument should have been classified as a financial liability and an embedded derivative conversion feature instead of a compound instrument as originally reported. The material impact of the correction for 2018 and 2017 was as follows:

<u>2017</u>

(i) to decrease the fair value of the Bonds and decrease deficit by $457 to recognize the fair value of the Bonds;
(ii) to decrease reserves by $213 to derecognize the equity component of the Bonds; and
(iii) to recognize the embedded derivative conversion feature of the Bond (derivative liability) of $695.

<u>2018</u>

(i) to decrease the fair value of the Bonds and decrease deficit by $337 to recognize the fair value of the Bonds;
(ii) to record an unrealized gain on derivative liability of $661.

(b) the fair value of the warrants issued pursuant to a private placement. Given that the quoted market price of the Company's common shares was less than the unit offering price of on the date the unit price was fixed by a resolution of the directors of the Company, a value should have been assigned to the warrants under the residual method instead of $nil. The impact of the correction was to increase warrants reserves by $279 and decrease share capital by $279.

Basic and diluted loss per share for the year ended March 31, 2017 decreased by $0.23 as a result of the above amendments.

The Restated Financial Statements replace and supersede the previously filed 2018 Annual Financial Statements. The 2018 Annual Financial Statements should be disregarded and no longer be relied upon.

Selected Annual Financial Information

For the year ended March 31	2019	2018 (1)	2017 (1)
	$	$	$
		As restated	*As restated*
Revenue	32	-	384
Net loss from continuing operations	(28,178)	(20,739)	(6,857)
Basic & diluted loss per share from continuing operations (2)	(0.62)	(0.88)	(0.49)
Total assets	48,746	24,913	15,791
Total non-current financial liabilities	-	997	457
Total liabilities	12,156	3,330	1,833
Cash dividends per share	Nil	Nil	Nil

(1) See "*Restatement of 2018 Annual Financial Statements*" on page 8 above. Also refer to note 6 to the Annual Financial Statements for full details on the restatement.

(2) The basic and diluted loss per share was calculated based on the post consolidated weighted average number of shares outstanding of the Company which gave effect to the consolidation based on four (4) existing shares for one (1) new share.

As of March 31, 2019, the assets and liabilities of Green Leaf were classified as held for sale, and the revenues and expenses related to the discontinuation of Green Leaf were eliminated from net loss from continuing operations and were shown as a single line item in the statement of comprehensive loss as loss from discontinued operations for the years ended March 31, 2019 and 2018.

The Company commenced operations in its North Las Vegas facilities and completed its first harvest in February 2019. Subsequent to March 31, 2019, commercial wholesale sales of recreational cannabis commenced.

Net loss increased during the year as a result of increased corporate activities related to debt and equity financing, joint ventures and acquisitions completed during the year. The basic and diluted loss per share was calculated based on the post consolidated weighted average number of shares outstanding of the Company which gave effect to the consolidation based on four (4) existing shares for one (1) new share.

The increase in total assets during the year was due to increases in property, plant and equipment related to the purchase of lands and buildings in Washington and California. Additionally, through the acquisition of Full Spectrum, the Company acquired properties and intangible assets related to intellectual property.

Total liabilities increased during the year as a result of loans and borrowings and convertible debentures completed during the year. In addition, the Company had liabilities associated with assets held for sale related to a debt incurred for the purchase of the Lynden property.

As a result of the restatement of the 2018 Annual Financial Statements, net loss from continuing operations for the year ended March 31, 2018 increased by $146. See "*Restatement of 2018 Annual Financial Statements*" above for specific impact of the corrections on the statement of comprehensive loss related to the Investments and the Bonds.

Selected Quarterly Financial Information

Quarters ending		Revenue	Net loss from continuing operations	Net loss and comprehensive loss	Basic and diluted loss per share (2)
		$	$	$	$
Q4 2019	31-Mar-19	14	(22,434)	(22,751)	(0.49)
Q3 2019	31-Dec-18	10	(5,303)	(5,326)	(0.09)
Q2 2019	30-Sep-18	8	5,722	5,637	0.16
Q1 2019	30-Jun-18	-	(6,163)	(6,288)	(0.20)
Q4 2018 (1)	31-Mar-18	(521)	(17,979)	(17,554)	(0.72)
Q3 2018 (1)	31-Dec-17	299	2,956	3,012	0.12
Q2 2018 (1)	30-Sep-17	107	(1,955)	(2,234)	(0.09)
Q1 2018 (1)	30-Jun-17	115	(3,761)	(3,927)	(0.19)

(1) Certain comparative figures for the year ended March 31, 2018 have been restated to correct for errors. See "*Restatement of 2018 Annual Financial Statements*" on page 8 above. Also refer to note 6 to the Annual Financial Statements for full details on the restatement.

(2) The basic and diluted loss per share was calculated based on the post consolidated weighted average number of shares outstanding of the Company which gave effect to the consolidation based on four (4) existing shares for one (1) new share.

As of March 31, 2019, the assets and liabilities of Green Leaf were classified as held for sale and the revenues and expenses related to the discontinuation of Green Leaf for all periods above were eliminated from profit or loss from the Company's continuing operations and were shown as a single line item in the statement of comprehensive loss as loss from discontinuing operations.

Q1, Q2 and Q3 2018 revenues included sales from Green Leaf as well as rental income and consulting income from the sublease of the Lynden, Washington property. The decrease in revenues in Q4 2018 was primarily attributable to the elimination of Green Leaf's revenues in connection with its reclassification to assets held for sale, and the write-off of rental and consulting income due to the Company not being able to complete the renovations on the Lynden property and the inability of the subtenant to use the leased property.

Net loss from continuing operations increased by $17,131 during Q4 2019 due to increased corporate activities related to shareholder and investor relations, acquisitions and financings. More specifically, the Company incurred consulting fees of $3,535 resulting from consulting agreements entered into by the Company for services related to capital markets, M&A and other advisory services. Additionally, in Q4 2019 the Company recognized impairments on property, plant and equipment and intangible assets totalling $3,447, wrote-off of prepaid consulting fees of $3,813 and reversed a bargain purchase price of $7,827 previously recognized in prior quarters related to acquisition of assets.

Net loss from continuing operations increased by $20,935 during Q4 2018 as a result of increased expenditures in the areas of stock promotion and investor relations and consulting and finders' fees. As a result of the restatement, the Company recognized an unrealized loss on its derivative asset of $4,724 compared to unrealized gain of $5,643 during Q3 2018. The Company recorded share-based compensation of $8,254 in Q4 2018 related to RSU awards which vested immediately. In addition, the Company wrote-off non-refundable deposits of $485 and loans receivable of $285.

Net loss from continuing operations for Q1 2018 to Q4 2018 has been adjusted in connection with the restatement of the 2018 Annual Financial Statements. The following table shows the impact of the corrections on the Statement of Comprehensive loss related to the Investments and the Bonds for Q1 2018 to Q4 2018:

	Q1 2018	**Adjustments**	**Q1 2018**	Q2 2018	**Adjustments**	**Q2 2018**
	$ *(Previously reported)*	**$**	**$** ***(As restated)***	$ *(Previously reported)*	**$**	**$** ***(As restated)***
Unrealized (gain) loss on derivative asset	-	**1,713**	**1,713**	-	**139**	**139**
Share of loss in investment in associate	166	**(44)**	**122**	182	**(32)**	**150**
Foreign exchange (gain) loss	(44)	**(44)**	**(88)**	47	**(13)**	**34**
Finance and other costs (accretion expense)	21	**23**	**44**	20	**24**	**44**
Unrealized (gain) loss on derivative liability	-	**(584)**	**(584)**	-	**(51)**	**(51)**
Earnings (loss) per share, basic and diluted	(0.16)	**(0.04)**	**(0.20)**	(0.08)	**-**	**(0.08)**

	Q3 2018	**Adjustments**	**Q4 2018**	Q4 2018	**Adjustments**	**Q4 2018**
	$ *(Previously reported)*	**$**	**$** ***(As restated)***	$ *(Previously reported)*	**$**	**$** ***(As restated)***
Gain on sale of shares of associate	-	**-**	**-**	(187)	**(32)**	**(219)**
Unrealized (gain) loss on derivative asset	-	**(5,643)**	**(5,643)**	-	**4,724**	**4,724**
Share of loss in investment in associate	419	**(206)**	**213**	553	**43**	**596**
Foreign exchange gain (loss)	7	**10**	**17**	120	**61**	**181**
Finance and other costs (accretion expense)	22	**28**	**50**	21	**31**	**52**
Unrealized (gain) loss on derivative liability	-	**24**	**24**	-	**(50)**	**(50)**
Earnings (loss) per share, basic and diluted	(0.12)	**0.24**	**0.12**	(0.52)	**(0.20)**	**(0.72)**

Discussion of Operations

Revenue and Gross Profit

The Company's revenues were derived primarily from the California Green Leaf dispensary sales. However, as of March 31, 2019, the assets and liabilities of Green Leaf were classified as held for sale and the revenues and expenses related to the discontinuation of Green Leaf were eliminated from profit or loss from the Company's continuing operations and were shown as a single line item in the statement of comprehensive loss as profit (loss) from discontinuing operations.

The Company commenced operations at its Las Vegas facilities in December 2018, and as at March 31, 2019, the fair value of the Company's biological assets of $204 consisted mainly of cannabis plants. The weighted average fair value less cost to complete and cost to sell of the cannabis plants was $5.84 per gram.

During the three and twelve months ended March 31, 2019, the Company recognized an unrealized gain (loss) due to biological asset transformation of ($33) and $148 respectively. During the three and twelve months ended March 31, 2019, the Company produced 110,000 and 110,000 grams of dried cannabis respectively. As of March 31, 2019, the biological assets were on average 54% complete and it was expected that the Company's biological assets would yield approximately 92,462 grams of cannabis when harvested. The Company's estimates are, by their nature, subject to change. Changes in the anticipated yield will be reflected in future changes in the fair values of biological assets.

General and administrative Expenses

General and administrative expenses consisted of the following:

	Three months ended March 31,		Twelve months ended March 31,	
	2019	2018	2019	2018
	$	$	$	$
Consulting fees	5,936	1,265	11,262	1,750
Shareholder and investor relations	1,362	637	2,307	1,923
Office and general	516	314	1,425	1,594
Professional fees	88	151	568	700
Management fees and wages	286	84	445	206
	8,188	2,451	16,007	6,173

The increase in consulting fees was primarily due to consulting agreements entered into by the Company with certain investors who participated on the May 18, 2018 and June 11, 2018 private placements related to capital markets, M&As and other advisory services. The Company paid fees of $3,535 and $8,170 during the three and twelve months ended March 31, 2019, respectively, related to these agreements. (See "*Contingencies*") In addition, during the three and twelve months ended March 31, 2019, the Company issued an aggregate of 4.7 million shares at a fair value of $1,697 pursuant to consulting agreements and 1.5 million shares at a fair value of $405 in settlement of a contract with a former director of the Company.

Shareholder and investor relations increased by $725 and $384 during the three and twelve months ended March 31, 2019, respectively, as a result of the increase in investor relations activities primarily related to private placements and acquisitions completed during the year.

Management fees and wages increased by $202 and $239 during the three and twelve months ended March 31, 2019 as a result of the appointment of a new CEO and the increase in management team from two during the year ended March 31, 2018 to a total of four during the year ended March 31, 2019. See "*Management Changes*"

Depreciation and amortization

Depreciation and amortization were $543 and $692 during the three and twelve months ended March 31, 2019 respectively. The Company recorded depreciation of $62 and $62 for the three and twelve months ended March 31, 2019 respectively for the Las Vegas facilities as they were put into use. The Company recorded amortization of $444 and $444 during the three and twelve months ended March 31, 2019 for intangible assets related to sublease rights and options acquired in connection with the Tonasket, Washington asset acquisition.

Share-based compensation

Share-based compensation decreased by $9,105 and $6,443 during the three and twelve months ended March 31, 2019, respectively.

During the three and twelve months ended March 31, 2019, the Company recognized share-based compensation of $1,102 and $4,787 respectively, for Nil RSUs and 5,050,000 options, and 54,494 RSUs and 11,285,000 options granted during the three and twelve months ended March 31, 2019, respectively. The RSUs and options vest over a period of one year.

During the three and twelve months ended March 31, 2018, the Company recognized share-based compensation of $10,207 and $11,230, respectively, for 9,225,000 RSUs and 5,400,000 options, and

9,225,000 RSUs and 9,800,000 options issued during the three and twelve months ended March 31, 2018, respectively, which vested immediately.

Finance and other costs

Finance and other costs included interest on loans and borrowings, accretion of debentures, bank charges and financing fees. For the three and twelve months ended March 31, 2019, financing costs were $321 and $1,048, an increase of $159 and $718 compared to 2018. The increase in financing costs was mainly a result of new debentures and loans and borrowings completed during the year.

Impairment of Property, Plant and Equipment

The Company listed certain lands and buildings located in Washington and California for sale and reclassified these assets to held for sale. As a result, the Company recorded an impairment charge of $2,125 to reduce the carrying value of these assets to their aggregate estimated fair value of $8,402, and transferred the balance from property, plant and equipment to assets held for sale.

Impairment of Intangible Assets

The Company entered into a Letter of Intent regarding a disposal of 51% of its ownership interest in Green Leaf. As a result, the assets and liabilities of Green Leaf were reclassified as held for sale. The Company recorded an impairment charge of $823 to reduce the carrying amount of the intangible asset related to its marijuana license to its fair value of $1,164.

Outlook

The Company expects to close the acquisition of ACC at the end of July. The Company’s focus for ACC in 2019 will be integration focusing on ACC’s innovative agronomic ability and cannabis marketing infrastructure to help bolster Citation’s considerable triple-organic certified cannabis cultivation and production experience. Plans are also underway to enhance the Company’s Nevada operations by combining the Company's comprehensive experience in organic cultivation techniques with ACC's award-winning seed genetics program, and enhance the Company’s suite of portfolio products with the addition of 3 new established brands within the state of Nevada including **BluntBox**, **Garden of Weeden**, and **Superior** to complement Citation’s established **Fiore** cannabis flower brand.

As previously announced, the Company is also focusing its efforts in securing an equity financing of up to $10 million. The net proceeds of the proposed equity financing are intended to be directed toward:

(a) the further development of the Company's Celista Property which will include planned construction of up to 20,000 square feet of indoor cultivation space and the closing of the acquisition of Buds to secure a cannabis cultivation license under the Cannabis Act which management of the Company estimates will require approximately US$2.45 million in initial capital expenditures; and

(b) the expansion of ACC's current cultivation and production footprint in Pahrump, Nevada by an additional 31,600 square feet, which management of ACC estimates will require approximately US$4.05 million in initial capital expenditures.

(c) Any net proceeds from the proposed equity financing that remain uncommitted will be directed toward the exploration of additional growth opportunities, working capital and general corporate purposes.

To complement the equity financing, the Company will also pursue a potential debt financing of up to US$17 million, secured against the Company's North Las Vegas assets, to further the development of the Company's three-story "Phase 2" North Las Vegas cultivation and production infrastructure, estimated to total up to 65,000 square feet upon completion. Further, the Company and ACC may elect to jointly pursue an additional, unsecured non-dilutive debt financing of up to US$7 million to further development of ACC's Pahrump, Nevada licensed assets.

Citation believes that the outlook for the Company and cannabis industry is very positive as the Canadian market for legalized medical and recreational cannabis has been projected to exceed $6.8 billion by 2020. The market for medicinal use in Canada was estimated at $456.6 million in 2018 and is expected to decline at a compound annual growth rate (CAGR) of 3% to $381.4 million in 2024. The decline in medicinal sales was due to legalization of recreational cannabis on October 17, 2018, resulting in an increase of recreational sales. Adult recreational sales are estimated to grow from $112.5 million in the partial year of 2018 to $4.8 billion by 2024.

In the United States, Grand View Research reported that the global legal marijuana market size is expected to reach USD $66.3 billion by the end of 2025. The US legal cannabis market was worth an estimated USD $11.9 billion in 2018 and is anticipated to expand at a CAGR of 24.1% from 2019 to 2025.

Liquidity and Capital Resources

The Company manages liquidity risk by ensuring, as far as reasonably possible, that it has sufficient capital to meet working capital and operating requirements as well as its financial obligations and commitments. The Company has historically financed its operations and met its capital requirements primarily through debt and equity financings. The Company’s facilities in Las Vegas Nevada are now fully operational and wholesale sales of recreational cannabis started in May 2019. However, the Company is still currently dependent on its ability to raise funds through debt and equity financings and disposition of its assets consisting of lands and buildings in Washington and California and dispensary operations in California.

As of March 31, 2018, the Company had working capital deficiency of $387 (2018 - working capital of $5,857) and cash of $107. The Company currently has no sufficient cash to sustain its operations for the next twelve months and sufficient liquidity to settle its liabilities and scheduled debt repayments. The decrease in working capital of $6,244 was primarily due to increases in loans and borrowings of $2,929, convertible debentures payable of $2,506, derivative liabilities of $1,093 and liabilities associated with assets held for sale consisting primarily of loans of $2,744 offset by a net increase in assets which mainly consisted of net assets held for sale of $9,786. The assets held for sale are comprised of lands and buildings currently listed for sale and 51% of the California dispensary being sold.

Net cash on hand decreased from $815 as at March 31, 2018 to $107 as at March 31, 2019. The decrease in cash resulted mainly from net cash generated from financing activities of $21,630 offset by net cash used for operations of $12,332, and capital expenditures of $9,820.

Operating activities

For the year ended March 31, 2019, cash used in operating activities resulted primarily from cash flows used for operating expenses of $12,439 and cash inflows of $107 related to changes in non-cash working capital. Cash used in operating activities for the year ended March 31, 2018 resulted primarily from cash flows used for operating expenses of $5,601, and cash inflows of $33 related to changes in non-cash working capital.

Investing activities

Cash used in investing activities for the year ended March 31, 2019, was for the purchase of lands of $314, constructions of facilities of $9,101, purchase of production equipment of $2,100, leasehold improvement of $3, net cash acquired from acquisition of assets of $1,900 and acquisition of intangible assets of $202 related to the Nevada cultivation marijuana license.

Cash used in investing activities for the year ended March 31, 2018 was for the purchase of lands of $2,763, construction of facilities of $6,457, purchase of production equipment of $1,149, leasehold improvement of $44, acquisition of intangible assets of $2,714 related to the California dispensary marijuana license and investment in associates of $420.

Financing activities

Cash provided by financing activities for the year ended March 31, 2019, was primarily from equity financings of $11,796, the exercise of warrants, options and finders' warrants of $911, loans and borrowings of $4,993, convertible debentures payable of $3,210 and from the sale of shares of an associate of $1,030. .

Financing activities during the year ended March 31, 2018 were primarily generated from aggregate equity financings of $10,631, the exercise of warrants of $4,345 and from the sale of shares of an associate of $275.

Capital Expenditures

The Company's capital expenditures include buildings under construction, buildings and leasehold improvements, production equipment and other equipment and furniture. Such expenditures are funded through joint ventures, loans and borrowings and debt and equity financings. Capital expenditures for the year ended March 31, 2019 increased by $4,421 to $16,941 compared to 2018. The increase in capital expenditures was a result of the construction of facilities in Celista, BC and Las Vegas, Nevada. The Las Vegas two 5,000 square foot facilities are now completed and operational.

Contractual Obligations

The Company leases commercial operating premises, office space, a condominium and selected equipment under operating lease agreements with terms ranging from one to five years.

A summary of the Company's contractual obligations which outlines the year the payments are due is as follows:

	Total	< 1 year	1 – 3 years	3 – 5 years
	$	$	$	$
Accounts payable and accrued liabilities	**1,854**	**1,854**	**-**	**-**
Loans and borrowings	**2,929**	**2,929**	**-**	**-**
Convertible debentures	**3,503**	**3,503**	**-**	**-**
Operating leases	**210**	**129**	**81**	**-**
	8,496	**8,415**	**81**	**-**

The Company is also a party to subleases and the risk of default by the subtenants is considered to be low, and therefore no accrual has been set up.

Management is committed to raising additional capital to meet its financial obligations and commitments, fund its operations, growth initiatives and capital expenditures. Although the Company has raised funds during the year and subsequent to March 31, 2019, there can be no assurance that the Company will be able to secure additional adequate financing. While management anticipates eventual profitability, there can be no assurance that the Company will be able to generate sufficient positive cash flow in the near future.

Subsequent to March 31, 2019, the Company announced that in conjunction with the closing of the acquisition of ACC, it will carry out equity financings of up to US$10 million and secured debt financings of up to US$17 million. There can be no assurance that these planned financings will be available on terms acceptable to Citation. See "Outlook"

Capital Disclosure

The Company considers its capital structure to include net residual equity of all assets, less liabilities. Capital is comprised of the Company's shareholders' equity and any debt that it may issue. As at March 31, 2019, the Company's shareholders' equity was $36,590 (2018 - $21,583) and it had current liabilities of $12,156 million (2018 - $2,333). Management's objective is to manage its capital to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern through the optimization of its capital structure. The capital structure consists of share capital and working capital.

To achieve this objective, management adjusts its capital resources to respond to changes in economic conditions and risk characteristics of the underlying assets. The capital resources used for operations were mainly from proceeds of the issuance of common shares.

Off-Balance Sheet Arrangements

The Company had no material off-balance sheet arrangements as at March 31, 2019 and as at the date of this MD&A, that have, or are reasonably likely to have, a current or future effect on the financial performance or financial condition of the Company.

Related Party Transactions

As at March 31, 2019 and 2018, included in accounts payable and accrued liabilities are $38 (2018 - $Nil) due to an officer of the Company for services and expense reimbursements and directors' fees of $24 (2018 - $9).

During the year ended March 31, 2019, compensation to key management personnel included consulting fees of $81 (2018 - $459), management fees of $355 (2018 - $220) and share-based compensation of $1,786 (2018 - $2,543) for 10,285,00 (2018 - 3,700,000) stock options granted and 54,494 (2018 - 1,950,000) RSUs awarded to key management personnel.

During the year ended March 31, 2018, the Company entered into the following related party transactions with companies controlled by a shareholder of the Company who was interim President of the Company from June 14, 2017 to February 1, 2018:

(a) pursuant to a consulting agreement with a company controlled by a shareholder, the Company paid consulting fees $934 and a commission of $475 related to a purchase of properties in California;

(b) the Company granted 1,700,000 stock options at a fair value of $432 and issued 2,000,000 RSUs at a fair value of $1,789;

(c) the Company paid rent totalling $12 for the rental of an office space;

(d) the Company entered into a delivery service agreement for the design and development of a software program, website, databases and marketing programs for a marijuana delivery business. A deposit of $399 (US$300) was paid which was written off during the year ended March 31, 2018, as the Company is not pursuing the marijuana delivery business.

All related party transactions were in the ordinary course of business and were conducted on terms substantially similar to arm's length transactions.

Contingencies

(a) On February 28, 2019, a claim was commenced against the Company by Veritas to recover a loan in the principal amount of $1,000 plus accrued interests. Veritas claims that the loan is in default and has made a demand for repayment of the loan and interests on or before January 21, 2019.

On April 12, 2019, the Company filed a counterclaim against Veritas alleging, among other things, that the Company and Veritas entered into a loan agreement which included repayment terms consisting of $100 and the assignment of the Company's ownership interest in the property located in Tonasket, Washington.

The Company intends to vigorously defend itself against the claim made by Veritas. As set out in the Company's response to civil claim, it believes that the allegations are without merit and that the loan agreement is in full force and effect.

(b) On November 26, 2018, the Company was named a respondent in the notice of hearing and temporary order (the "Temporary Order") issued by the British Columbia Securities Commission ("BCSC") against certain Issuers (the "Issuers"), companies and individuals (the "Non-Issuer Respondents"). The notice of hearing alleged, among other things, that the Issuers issued free-trading securities through private placements to the Non-Issuer Respondents relying on the consultant exemption to the prospectus requirement under National Instrument 45-106 (the "Consultant Exemption"). The Non-Issuer Respondents claimed to be consultants under the Consultant Exemption and were paid consulting fees pursuant to consulting agreements executed with the Issuers, resulting in the Issuers paying most part of the private placement funds back to the Non-Issuers Respondents. The Temporary Order prohibited the Issuers from relying on the Consultant Exemption in connection with private placements with the Non-Issuer Respondents. The Temporary order was to expire on December 11, 2018, but the BCSC had an application to extend the Temporary Order pending a decision of the BCSC at a hearing on December 7, 2018. On January 15, 2019, the BCSC released its decision indicating that the Temporary Order has not been extended against the Company.

Since December 2018, the Company has adopted several measures to enhance corporate governance including the addition of two independent directors and the appointment of an independent non-executive board chair. The affairs of the Company are managed by the Board, including but not limited to, the approval of strategic plans, review of corporate risks and monitoring of business practices. The Company aims to ensure effectiveness of the Board's independent oversight function over the execution of its business. The Company has also since undergone changes in management as described above and under subsequent events below. Other steps are also being undertaken by the Company as part of its ongoing process of enhancing corporate governance by conducting a review of its governance principles, policies and practices, providing transparency, improving corporate ethics and strengthening legal and regulatory compliance.

Critical Accounting Estimates

The preparation of the Company's Annual Financial Statements in conformity with IFRS requires management to exercise judgment and to make estimates and assumptions that affect the application of accounting policies and the reported amounts of revenues, expenses, assets, liabilities and disclosures. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Refer to note 3 to the 2019 Annual Financial Statements for a detailed discussion of the areas in which critical accounting estimates were made and where actual results may differ from the estimates under different assumptions and conditions that may materially affect financial results of the Company's statement of financial position reported in future periods.

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

Changes in Accounting Policies

The Company adopted two new accounting standards effective April 1, 2018, IFRS 15 - Revenue from Contracts with Customers and IFRS 9 - Financial Instruments. Refer to notes 4(a) and 4(b) to the Company's 2019 Annual Financial Statements.

New Accounting Standard

A new accounting standard applicable to the Company, IFRS 16 Leases, has an effective date of April 1, 2019. The new standard specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a very low value. Refer to note 5(a) to the 2019 Annual Financial Statements for management's transition plan and initial estimates of the effects on the Annual Financial Statements relating to the adoption of this standard.

Financial Instruments

	Fair value	Basis of measurement	Fair value hierarchy
	$		
Financial assets			
Cash	**107**	Amortized cost	N/A
Accounts receivable	**258**	Amortized cost	N/A
Share subscriptions receivable	**198**	Amortized cost	N/A
Marketable securities	**-**	FVTPL	Level 1
Derivative asset	**1**	FVTPL	Level 2
Financial liabilities			
Accounts payable and accrued liabilities	**1,854**	Amortized cost	N/A
Loans and borrowings	**2,929**	Amortized cost	Level 2
Convertible debentures [(1)]	**3,503**	FVTPL	Level 2
Derivative liabilities [(1)]	**1,126**	FVTPL	Level 2

The Company is exposed in varying degrees to a few risks from financial instruments. A discussion of the types of financial risks the Company is exposed to, and how such risks are managed by the Company, is provided in note 28 to the Annual Financial Statements.

Summary of Outstanding Share Data

As at the date of this MD&A, the Company had the following issued and outstanding securities:

Description of securities	Number of securities Post-consolidation
Issued and outstanding common shares	**61,969,032**
Warrants	**16,671,322**
Finders' warrants	**60,270**
Stock options	**5,957,300**
RSUs	**5,705,000**
Convertible debentures	**3,762,316**

Controls and Procedures

In connection with National Instrument 52-109 ("NI 52-109"), the CEO and CFO of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the Annual Financial Statements and accompanying MD&A as at March 31, 2019 (together the "Annual Filings").

In contrast to the certificate under NI 52-109, the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information, the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Interim Filings on SEDAR at www.sedar.com.

Disclosure Controls and Procedures

Disclosure controls and procedures ("DC&P") are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting ("ICFR") are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purpose in accordance with IFRS.

Venture companies are not required to provide representations in the Annual Filings relating to the establishment and maintenance of DC&P and ICFR, as defined in NI 52-109. In particular, the CEO and CFO certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer 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 (b) 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 issuer's IFRS. The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding the absence of misrepresentations and fair disclosure of financial information. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Additional Information

Additional disclosure of the Company's, material change reports, new release, and other information can be obtained on SEDAR at www.sedar.com, or by requesting further information from the Company's head office in Kelowna, BC Canada.

Cautionary Statement Regarding Forward-Looking Information

This MD&A contains forward-looking statements that relate to our current expectations and views of future events. These statements relate to future events or future performance. Statements which are not purely historical are forward-looking statements and include any statements regarding beliefs, plans, outlook, expectations or intentions regarding the future including words or phrases such as "anticipate", "objective", "may", "will", "might", "should", "could", "can", "intend", "expect", "believe", "estimate", "predict", "potential", "plan", "is designed to", "project", "continue", or similar expressions suggest future outcomes or the negative thereof or similar variations. Forward-looking statements may also include, among other things, statements about the Company's: anticipated closing of the acquisition of ACC, proposed US$10MM equity financing, non-dilutive US$7MM debt financing and secured US$17MM debt financing being completed and anticipated use of proceeds from such financings; ability to reinvest profits generated from its operations; future business strategy; expectations of obtaining licenses and permits; expectations regarding expenses, sales and operations; future customer concentration; anticipated cash needs and estimates regarding capital requirements and the need for additional financing; total processing capacity; the ability to anticipate the future needs of customers; plans for future products and enhancements of existing products; future growth strategy and growth rate; future intellectual property; regulatory approvals and other matters; and anticipated trends and challenges in the markets in which the Company may operate.

Such statements and information are based on numerous assumptions regarding present and future business strategies and the environment in which the Company will operate in the future, including the demand for our products; anticipated costs and ability to achieve goals; the Company's ability to complete any contemplated transactions; historical prices of cannabis; and that there will be no regulation or law that will prevent the Company from operating its businesses; the state of the economy in general and capital markets in particular; present and future business strategies; the environment in which the Company will operate in the future; the estimated size of the cannabis market; and other factors, many of which are beyond the control of the Company. While such estimates and assumptions are considered reasonable by the management of the Company, they are inherently subject to significant business, economic, competitive and regulatory uncertainties and risks. Although the Company believes that the assumptions underlying these statements are reasonable, they may prove to be incorrect. Given these risks, uncertainties and assumptions, the reader should not place undue reliance on these forward-looking statements.

Forward-looking statements are subject to known and unknown risks, uncertainties and other important factors that may cause the actual results to be materially different from those expressed or implied by such forward-looking statements, including but not limited to: completion of the acquisition of ACC; business, economic and capital market conditions; the ability to manage the Company's operating expenses, which may adversely affect the Company's financial condition; the Company's ability to remain competitive; regulatory uncertainties; market conditions and the demand and pricing for our products; exchange rate fluctuations; security threats; the Company's relationships with its customers, distributors and business partners; the Company's ability to attract, retain and motivate qualified personnel; industry competition; the impact of technology changes on the Company's products and industry; the Company's ability to successfully maintain and enforce its intellectual property rights and defend third-party claims of infringement of their intellectual property rights; the impact of litigation that could materially and adversely affect our business; the Company's ability to manage its working capital; and the Company's dependence on key personnel. The Company is not a positive cash flow company, has a history of losses and it may not actually achieve its plans, projections, or expectations.

Important factors that could cause actual results to differ materially from the Company's expectations include, consumer sentiment towards the Company's products and cannabis generally; risks related to the Company ability to maintain its licenses issued by governments in good standing; uncertainty with respect to the Company's to grow, store and sell cannabis; risks related to the costs required to meet the obligations related to regulatory compliance; risks related to the extensive control and regulations inherent in the industry in which the Company operates; risks related to governmental regulations, including those relating to taxes and other levies; risks related an early stage business and a business involving an agricultural product and a regulated consumer product; risks related to building brand awareness in a new industry and market; risks relating to restrictions on sales and marketing activities imposed by governments; risks inherent in the agricultural business; risks relating to energy costs; risks relating to product liability claims, regulatory action and litigation; risks relating to recall or return of products; and risks relating to insurance coverage; global economic climate; equipment and building failures; increase in operating costs; decrease in the price of cannabis; security threats; government regulations; loss of key employees and consultants; additional funding requirements; volatility in the securities of the Company; changes in laws; technology failures; failure to obtain permits and licenses; anticipated and unanticipated costs; competition; risks associated with the substantial obligations of being a public company; and failure of counterparties to perform their contractual obligations. This list is not exhaustive of the factors that may affect the forward-looking statements. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the forward-looking statements.

Except as required by law, the Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future event or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. Neither the Company nor any of its representatives make any representation or warranty, express or implied, as to the accuracy, sufficiency or completeness of the information in this MD&A. Neither the Company nor any of its representatives shall have any liability whatsoever, under contract, tort, trust or otherwise, to the reader or any person resulting from the use of the information in this MD&A by the reader or its representatives or for omissions from the information in this MD&A.