The Green Organic Dutchman Holdings Limited

Management's Discussion and Analysis

For the three months ended
March 31, 2019
and March 31, 2018

UTILIZING STATE-OF-THE-ART GROWING TECHNOLOGY

Planned Capacity (*)

The Green Organic Dutchman Holdings Ltd ("the Company") has a planned global capacity at scale of 219,000 kilograms and is building 1,643,600 sq. ft. of cannabis cultivation and processing facilities across Canada, Jamaica and Denmark.

In Canada, the Company is building state-of-the-art facilities in Valleyfield, Québec and Hamilton, Ontario. When both facilities come on-board, the Company will be the largest certified-organic cannabis grower in the world. The Company's hybrid facilities will utilize the latest in cannabis growing technology, and both facilities will be built to *Leadership in Energy and Environmental Design certification* ("LEED certification") standards and have a combined forecasted domestic production capacity of 202,500 kilograms. The facility designs are being implemented in phases to leverage efficiencies from each prior phase, culminating in full production by 2021.

The facility in Valleyfield, Québec will be 1,310,000 square feet and will have capacity to produce 185,000 kilograms of certified-organic cannabis annually.

The facility in Hamilton, Ontario will be 166,000 square feet, and will have capacity to produce 17,500 kilograms of certified-organic cannabis annually. The Hamilton facility construction will be completed by the end of Q2 2019 and has received its organic certification from the ECOCERT and Pro-Cert certification bodies.

(*) These statements constitute forward looking information related to possible events, conditions or financial performance based on future economic conditions and courses of action. These statements involve known and unknown risks, assumptions, uncertainties and other factors that may cause actual results or events to differ materially. The Company believes that there is a reasonable basis for the expectations reflected in the forward-looking statements, however, these expectations may not prove to be correct.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management's Discussion and Analysis ("MD&A") reports on the consolidated financial condition and operating results of The Green Organic Dutchman Holdings Ltd. (the "Company" or "TGODH") for the three months ended March 31, 2019 and 2018. The MD&A should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements for the three months ended March 31, 2019 and March 31, 2018 (the "interim consolidated financial statements") which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). This MD&A provides information on the operating activities, performance and financial position of the Company and is intended to assist in understanding of the Company's business and key factors underlying its financial results. **All dollar amounts referred to in this MD&A are expressed in thousands of Canadian dollars except where indicated otherwise.**

Additional information relating to the Company can be found on the Company's website at www.tgod.ca or at the Company's SEDAR profile at www.sedar.com.

FORWARD LOOKING INFORMATION

This MD&A may contain "forward-looking information" within the meaning of Canadian securities legislation ("forward-looking statements"). These forward-looking statements are made as of the date of this MD&A and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required under applicable securities laws. Forward-looking statements relate to future events or future performance and reflect Company management's expectations or beliefs regarding future events.

In some cases, these forward-looking statements can be identified by words or phrases such as "may", "might", "will", "expect", "anticipate", "estimate", "intend", "plan", "indicate", "seek", "believe", "predict" or "likely", or the negative of these terms, or other similar expressions intended to identify forward-looking statements. The Company has based these forward-looking statements on its current expectations and projections about future events and financial trends that it believes might affect its financial condition, results of operations, business strategy and financial needs. Some examples of forward-looking statements include but are not limited to the expected costs, completion dates of the facilities, production capacity, receipt of licences, etc.

Assumptions

Forward-looking statements are based on certain assumptions and analyses made by the Company in light of the experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate and are subject to risks and uncertainties. In making the forward-looking statements included in this MD&A, the Company has made various material assumptions, including but not limited to:

(i) general business and economic conditions;
(ii) the Company's ability to successfully execute its plans and intentions;
(iii) the completion of the construction of its facilities in Hamilton and Québec.
(iv) obtaining the necessary regulatory approvals;
(v) that regulatory requirements may or may not adversely affect the business;
(vi) the availability of financing on reasonable terms;
(vii) the Company's ability to attract and retain skilled staff;
(viii) market competition and product demand;
(ix) the products and technology offered by the Company's or its competitors; and
(x) that our current good relationships with our suppliers, service providers and other third parties will be maintained.

Although we believe that the assumptions underlying these statements are reasonable, they may prove to be incorrect, and we cannot assure that actual results will be consistent with these forward-looking statements.

Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There is no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. We do not undertake to update or revise any forward-looking statements, except as, and to the extent required by, applicable securities laws in Canada.

The Company's forward-looking statements are based on the reasonable beliefs, expectations and opinions of management as of May 14, 2019, the date of this MD&A.

BUSINESS OVERVIEW

The Green Organic Dutchman Holdings Ltd. is a company built on innovation with the goal of becoming the global leader in delivering premium organic cannabis and hemp solutions to enhance people's lives. The Company is committed to building the largest premium organic cannabis and organic hemp brand in the world, with organic certification, LEED certified construction and GMP compliant facilities. The Company is incorporated under the federal laws of Canada pursuant to the *Canada Business Corporations Act* and is a reporting issuer in each of the provinces of Canada. The Company's common shares (the "Common Shares") are traded on the Toronto Stock Exchange ("TSX") under the symbol "TGOD" and on the OTCQX under the symbol "TGODF".

The Company, through its wholly-owned operating subsidiary The Green Organic Dutchman Ltd. ("TGOD"), holds a licence (the "Licence") issued by Health Canada pursuant to the *Cannabis Act* (Canada) ("Cannabis Act") which allows the Company to produce and conduct research at its 100 acre property near Hamilton, Ontario (the "Hamilton Facility") dried and fresh marijuana, marijuana plants and seeds, and to sell such marijuana products within Canada to provincially authorized retailers ("Authorized Retailer") or distributor ("Authorized Distributor") and federally licensed entities ("Licensee") in accordance with the Cannabis Act and Cannabis Regulations. The Licence is currently valid until August 16, 2019. The Licence has been amended on multiple occasions to include the production, extraction and sale of cannabis oil and to include the sale of dried marijuana to clients (i.e. patients registered with the Company). The Company is currently constructing facilities in addition to the existing 7,000 sq. ft. facility that will bring the total facilities' square footage on the site to 166,000 sq. ft. capable of producing 17,500 kilograms of premium organic cannabis per year. The Company completed its first harvest of inventory at the end of fiscal 2018 from the smaller, 7,000 square foot facility in anticipation a direct to medical patient product launch in 2019. The accounting method for TGOD is full consolidation.

Through the Company's 49.99% interest in 9371-8633 Québec Inc. ("Québec SubCo"), the Company acquired an interest in certain lands located in Sallaberry-de-Valleyfield, Québec ("the "Valleyfield Land") that it is developing into its flagship production facility (the "Québec Facility") that will be operated through its wholly-owned subsidiary, Medican Organic Inc. ("Medican"). Medican was granted a five-year lease (with four options to renew of five years each on the Valleyfield Land). The Québec Facility is expected to be 1,310,000 square feet capable of producing 185,000 kg annually when completed. An initial 2,700 sq. ft. breeding facility (the "Breeding Facility") was completed in 2018 and the Québec Facility cultivation licence was granted in June 2018 which allows the production of marijuana plants and seeds, and to sell such marijuana products within Canada to Authorized Retailers, Authorized Distributors, and federal Licensees in accordance with the Cannabis Act and Cannabis Regulations. The accounting method for Medican is full consolidation and equity method for Québec SubCo.

On July 5, 2018, the Company acquired a 49.18% interest in Epican Medicinals Ltd. ("Epican"). Epican is a licenced producer in Jamaica which holds a cultivator's licence, processing licence and two retail (herb Houses) licences issued by the Cannabis Licensing Authority ("CLA") of Jamaica. The accounting method for Epican is under the equity method.

On July 31, 2018, TGOD Europe B.V. ("TGOD Europe") was incorporated under the laws of the Netherlands to function as the Company's European holding company. The accounting method for TGOD Europe is full consolidation with the recognition of a non-controlling interest.

The Green Organic Colombia S.A.S. ("TGOD Colombia") was incorporated under the laws of Colombia on August 13, 2018 for the purposes of exploring opportunities related to potential transactions in South America. As of the date of this MD&A, TGOD Colombia has no assets or operations. The accounting method for TGOD Columbia is full consolidation.

The Green Organic Hellas SA ("TGOD Greece") was incorporated under the laws of Greece on September 18, 2018 for the purpose of exploring opportunities related to potential transactions in Greece. As of the date of this MD&A, TGOD Greece holds assets related to potential production opportunities in Greece but does not have any material operations. The accounting method for TGOD Greece is full consolidation.

HemPoland sp. z o.o. ("HemPoland") is a hemp extraction and manufacturing business based in Poland which was acquired by the Company on October 1, 2018. HemPoland is a manufacturer and marketer of premium CBD oils. This acquisition provided TGOD with immediate revenue, access to HemPoland's significant distribution network, state-of-the-art hemp oil extraction technology and its premium CannabiGold brand. The accounting method for HemPoland is full consolidation.

The Company acquired a company domiciled in Germany with no material net assets for €25,000 on October 30, 2018 and renamed it The Green Organic Dutchman Germany GmbH ("TGOD Germany GmbH") which the Company intends to use to seek business opportunities in Germany. As of the date of this MD&A, TGOD Germany has no material assets or operations. The accounting method for TGOD Germany is full consolidation.

The Green Organic Dutchman S. de R.L. de C.V. ("TGOD Mexico") is a company owned 50% by TGODH and 50% by LLACA Grupo Impresarial ("LLACA") the purpose of which is enter the medicinal cannabis market in Mexico. LLACA will facilitate the importation, registration and strategic distribution of Company-branded organic cannabis and hemp-derived medical products into the Mexican market for TGOD Mexico. As of the date of this MD&A, TGOD Mexico has no material assets or operations. The accounting method for TGOD Mexico is consolidation with non-controlling interest.

On March 18, 2019, TGOD Denmark A/S ("TGOD Denmark") was incorporated and owned 50% by TGDOH and 50% by Knud Jepsen. See "Developments in Q1 2019". As of the date of this MD&A, TGOD Denmark has no material assets or operations. The accounting method for TGOD Denmark is consolidation with non-controlling interest.

Since inception, the Company has incurred recurring operating losses, having invested significantly in its cultivation facilities, research and development activities and selling, marketing, general and administrative expenses. The Company has financed its operations through equity raises including the issuance of Common Shares and warrants through various private placements, its initial public offering and through a special warrant financing. See "Developments in Q1 2019". The Company expects to continue to incur losses in the short term and may require additional capital to fulfill its future obligations. Please refer to the section on "Liquidity and Capital Resources" below. The Company believes that its unique scaled certified organic market position, the ongoing advancement of the construction of its facilities and its strategic partnerships and investments will allow it to operate profitably in the future.

DEVELOPMENTS IN Q1 2019

On January 3, 2019, the Company entered into an agreement to use EnWave Corporation's ("EnWave") proprietary Radiant Energy Vacuum ("REV™") dehydration technology to dry organic cannabis in Canada. On March 26, 2019, the Company purchased an additional three REV™ processing lines to expand its drying capacity of premium, certified organic cannabis in Canada. The addition of three 120kW REV™ machines will increase its total royalty-bearing cannabis processing capacity to a combined total of 420kW of REV™ machinery.

On January 8, 2019, the Company appointed Dr. Caroline MacCallum and Mr. Jacques Dessureault to the Board of Directors. On the same date, Mr. Ian Wilms stepped down from the Board and assumed the role of VP, Government Affairs and Social Responsibility.

On January 17, 2019, the Company appointed Dr. Ravinder Kumar, PhD, as Chief Science Officer.

On January 25, 2019, the Company entered into a definitive agreement with Knud Jepsen ("KJ Definitive Agreement") to establish two joint ventures; the first for the purpose of producing commercial cannabis and cannabis oils (the "Production JV") and the second for developing and patenting cannabis genetics (the "Genetics JV"). Both joint ventures will be based in Denmark with a goal to expand the Production JV into future lower-cost European jurisdictions. The KJ Definitive Agreement outlines the Company's and Knud Jepsen's launch of a premium organic European bulk cannabinoid production platform where TGODH will have the exclusive right to all cannabis-related production from the JV, through a guaranteed offtake agreement at a pre-determined price relative to the production cost of the Production JV. Further, the Production JV will have exclusive access to all intellectual property including cannabis genetics developed within the Genetics JV. Knud Jepsen will be responsible for the day-to-day operations of the joint venture and TGODH will leverage Knud Jepsen's years of horticulture experience and science and R&D division to accelerate commercial operations in Denmark and throughout Europe. On January 29, 2019, the Danish Medicines Agency, the government body responsible for issuing cannabis related licences, granted an initial cannabis business authorization to Knud Jepsen. This licence allows Knud Jepsen to immediately begin importation of starting materials and to begin research and development related to the creation of cannabis genetics. On March 18, 2019, TGOD Denmark was incorporated as the Genetics JV and on April 23, 2019, the licence acquired by Knud Jepsen was assigned to TGOD Denmark as permitted by the Danish Medicines Agency.

On July 19, 2018, the Company announced its intention to complete a spinoff transaction whereby the Company would spinoff, by way of special dividend under a plan of arrangement (the "Arrangement"), TGOD Acquisition Corporation ("SpinCo"), a company that will focus on international acquisitions that are not core to the Company's business. Shareholders approved the spinoff at the Company's December 6, 2018 annual general and special meeting and the Company received the final order in respect of the spinoff from the Ontario Superior Court of Justice on January 16, 2019. Each shareholder of the Company as of the record date of January 31, 2019 who is a non-US resident and elects to receive unit purchase warrants will receive 0.15 of one-unit purchase warrant of SpinCo for every one common share held in the Company. Each unit purchase warrant will entitle the holder to purchase one unit of SpinCo upon (i) the holder tendering the exercise price of $0.50 per SpinCo unit (not in thousands) to Spin Co within 30 days following the effective date of the plan of arrangement implementing the spinoff and (ii) SpinCo obtaining a receipt for a final prospectus qualifying the distribution of the SpinCo Units within 60 days of such date, failing which the exercise proceeds will be returned to exercising warrant holders. Each unit of SpinCo will consist of one SpinCo common share and one half of one SpinCo common share purchase warrant. Each SpinCo common share purchase warrant shall be exercisable to purchase a SpinCo common share for an exercise price of $1.25 (not in thousands) at any time until the date that is 24 months from the date the SpinCo common shares commence trading on a recognized securities exchange. The resolution to approve the Arrangement was presented to TGOD shareholders at TGOD's annual general and special meeting held on December 6, 2018 (the "Meeting") pursuant to an interim order issued by the Ontario Superior Court of Justice (the "Court") on November 5, 2018. A management information circular of TGOD providing full details of the Arrangement (the "Circular") was mailed to TGOD shareholders of record as of the meeting record date of November 6, 2018. At the Meeting, TGOD shareholders overwhelmingly approved the Arrangement. On January 14, 2019, TGOD and SpinCo entered into an amending agreement (the "Amending Agreement"), amending, among other things, the Arrangement Agreement and the Arrangement as more particularly detailed in the Amending Agreement. On January 16, 2019, the Court issued a final order approving the Arrangement, as amended by the Amending Agreement. On January 28, 2019, the Company's wholly owned subsidiary SpinCo shares were transferred to a third-party Company pursuant to the terms of the Arrangement. A copy of the Circular and related meeting materials, the Arrangement Agreement and the Amending Agreement are available under TGOD's profile on SEDAR at www.sedar.com.

On February 1, 2019, the Company provided construction and capacity updates to the Company's facilities located in Hamilton and Valleyfield which was further updated on March 19, 2019. See "Update on Hamilton Facility and Québec Facility Milestones".

On February 8, 2019, the Company announced that it has secured a cannabis supply agreement with the Ontario Cannabis Retail Corporation. The agreement was negotiated jointly by the Company and Velvet Management Inc., the Company's Canadian distribution partner.

On March 5, 2019, the Company announced that it has received organic certification from Pro-cert Organic Systems Ltd. ("Pro-cert"). This is the second certification body to endorse the Company's organic processes at its Hamilton Facility.

On March 11, 2019, the Company announced that it has entered into a multi-year extraction services contract with Valens GroWorks Corp. ("Valens"). Pursuant to the terms of the initial 2-year agreement, Valens will process, extract and purify TGOD's cannabis and hemp biomass under conditions specified by TGODH as demanded by final product manufacturing and formulation requirements. TGODH will supply Valens with significant quantities of cannabis and hemp and Valens will provide extraction purification services processing the cannabis and hemp into premium quality resins and distillates. TGODH intends to use the concentrated cannabinoid resins and distillates to produce oils, sprays and capsules as well as oils for vaporization and future edible, beverage and topical products.

On March 28, 2019, the Company announced that Hamilton City Council has voted to approve the Company's settlement offer, to allow TGOD to operate its cannabis greenhouse in Ancaster, Ontario upon confirmation of the settlement by the Local Planning Appeal Tribunal ("LPAT"). On May 2, 2019, the LPAT approved the settlement agreement paving the way to the completion of the construction project and production at scale.

SUBSEQUENT EVENTS

On April 22, 2019, the Company received its oil sales licence from Health Canada, pursuant to the Cannabis Act, for its Hamilton, Ontario facility.

On April 26, 2019, HemPoland received organic certification from EKOGWARANCJA PTRE. The organic certification was provided by the Polish Center for Accreditation on authority from the Minister of Agriculture and Rural Development. HemPoland's facilities, production processes and product offerings are certified organic.

On April 30, 2019, the Company's Kelowna-based extraction processing services provider, Valens, obtained its organic certification from Pro-Cert.

On May 1, 2019, the Company's strategic partner in Jamaica, Epican, announced the receipt of its second retail licence and the opening of its second legal cannabis retail store in Jamaica, located on Montego Bay's "Hip Strip". Montego Bay is a popular tourist destination and Jamaica's second largest city. It is also a major port of call for cruise ships, a destination for duty free shopping and home to the country's largest airport. The Montego Bay dispensary, located on the main tourist shopping strip, is the second Epican dispensary to open, after Epican's Herb House in Kingston which opened in June 2018. Epican is the first fully integrated company to have obtained a second retail licence from Jamaica's Cannabis Licensing Authority (CLA). Epican plans to open three additional Herb Houses on the island. In combination with online ordering, these locations will serve the medical needs of Jamaica's estimated three million residents and over estimated three and a half million annual visitors.

On May 8, 2019, the Company announced its strategic investment into the US beverage space as a co-founding investor and strategic partner in the newly formed Californulations LLC ("Califormulations"). Califormulations will operate out of Columbus, Georgia serving global branded companies with concept-to-shelf beverage commercialization support including formulation development, technical services, in-house pilot scale production and contract manufacuturing co-ordination. The Company expects to leverage of experience within Califormulations to expedite the US launch of TGOD branded organic hemp-based CBD beverages, as local laws and regulations permit. The Company's co-founding investment in Califormulations is occurring alongside Symrise AG ("Symrise") (FRA:SY1), one of the world's leading flavour, scent and nutrition ingredient providers.

On May 9, 2019, the Company secured a cannabis supply agreement with the BC Liquor Distribution Branch ("BCLDB"). The BCLDB, under the brand BC Cannabis Stores, is British Columbia's public retailer of non-medical cannabis.

On May 13, 2019, the Company announced that it had entered into an agreement with Mediakos UG haftungsbeschraenkt ("Mediakos") to be the exclusive distributor of CannabiGold, its premium hemp CBD brand, for the German pharmacy market.

On May 14, 2019, the Company obtained approval from Health Canada, under the Cannabis Regulations, to expand operations into its new state-of-the-art building located in Hamilton, Ontario. The 20,000 square feet indoor facility is going to be used for cannabis cultivation; planting will start in the coming weeks.

Subsequent to March 31, 2019, a total of 702,807 of the Company's issued and outstanding warrants were exercised at a weighted average exercise price of $2.28 per warrant, for aggregate gross proceeds of $1,602.

OVERALL PERFORMANCE

SELECTED QUARTERLY INFORMATION

The table below summarizes selected information regarding the Company's financial position for the periods presented in accordance with IFRS and on a consistent basis with the interim consolidated financial statements and related notes:

	As at March 31, 2019	As at January 1, 2019*	As at December 31, 2017
Total assets	**$ 470,353**	$ 447,236	$ 96,977
Total non-current financial liabilities	**$ 3,475**	$ 3,591	$ -
Total shareholders' equity	**$ 410,964**	$ 413,655	$ 77,248

** Refer to "New standards, interpretations and amendments adopted by the Company".*

The table below summarizes selected information regarding the Company's loss from operations and other financial information for the periods presented in accordance with IFRS and on a consistent basis with the interim consolidated financial statements and related notes:

	Q1-2019	Q4-2018	Q3-2018	Q2-2018	Q1-2018	Q4-2017	Restated Q3-2017	Q2-2017
Revenue	**$ 2,406**	1,879	-	-	-	-	-	-
Loss from operations	**$ (14,725)**	(18,188)	(9,803)	(9,072)	(7,461)	(6,361)	(2,636)	(2,869)
Net loss	**$ (14,091)**	(18,120)	(11,269)	(8,548)	(7,266)	(6,282)	(2,400)	(2,386)
Comprehensive loss	**$ (15,441)**	(17,607)	(11,269)	(8,548)	(7,266)	(6,282)	(2,400)	(2,386)
Net loss per share (basic & diluted)	**$ (0.05)**	(0.07)	(0.04)	(0.04)	(0.05)	(0.05)	(0.02)	(0.02)

SUMMARY OF QUARTERLY RESULTS – Q1-2019 as compared to Q1-2018 and Q4-2018

Revenues

The Company's revenues in the quarter were substantially all comprised of sales of hemp-based products through its wholly owned subsidiary, HemPoland. Revenue recognized in Q1-2019 amounted to of $2,406. Sales of cannabis related products, such as hemp, in Poland are not subject to excise taxes and therefore are recorded on a net basis (gross revenue less discounts and returns). No revenues were earned by the Company for the three months ended March 31, 2018. In comparison to Q4-2018, revenue increased by $527 or 28% quarter over quarter due to increased demand for CBD based oil products.

In Canada, the Company made the conscious decision to delay sales and build inventory to ensure consistent supply and product quality once sales were launched on a larger scale. The Company wanted to ensure it is in a position to provide customers and patients with consistent and reliable product, and in order to do so, it is focusing on operational readiness at the Hamilton and Québec locations. The Company did not record any material revenue from Canada in the period as it was preparing for its exclusive "Grower's Circle" launch to approximately 200 medical cannabis patients with product from its existing facility and expects to deliver national sales in the medical and some recreational markets later in 2019. On March 25, 2019, the Company began selling to its first registered patients and completed a small number of shipments prior to the end of March with the bulk of the March orders being shipped in April 2019 which were recognized as revenue subsequent to March 31, 2019.

Gross profit

The Company's gross profit for the three months ended March 31, 2019 is $1,368 mainly as a result of increased revenue from HemPoland and gains on changes in the fair value of the Company's biological assets located in Canada of $215. This revenue increase versus Q1-2018 is partially offset by lower expensing of inventory fair value adjustments from the HemPoland transaction through cost of sales of $270 and inventory production costs of $983. In comparison to Q4-2018, gross profit increased by $1,461 as a result of lower expensing of inventory fair value adjustments from the HemPoland transaction through cost of sales but partially offset by higher volume sales of lower margin products.

Sales and marketing expenses

Sales and marketing expenses of $2,995 for the three-months ended March 31, 2019 were higher than the $828 for the same period in the prior year due to the ramp-up in operations and preparation for product launches in 2019. The expenses in the current quarter compared to the three months ended March 31, 2018, respectively consisted of personnel costs of $419 compared to $35, costs of promoting the Company's brand and consumer market research of $1,543 compared to $585, travel, promotional and other marketing expenditures of $117 compared to $208, strategic partnership payments of $905 compared to $Nil, and other marketing expenses of $11 compared to $Nil. The strategic partnership payments were incurred with respect to actively working on distribution agreements with competitive terms with the Canadian provincial Cannabis boards as they represent the primary sales channels for sales in the adult use market. In addition, sales and marketing efforts in Europe proved to have a positive impact on sales.

In comparison to Q4-2018, marketing expenses decreased in Q1-2019 by $194 primarily due to a decrease in marketing and branding costs due to significant investments made in the prior period leading up to the Grower's Circle launch. Marketing expenses in Q4-2018 consisted of personnel costs of $414, costs of promoting the Company's brand at investor conferences of $2,298, travel and promotional expenditures of $175, and strategic partnership payments of $302.

Research and development expenses

Research and development expenses of $436 for the three months ended March 31, 2019 represented a decrease of $80 from the comparative period in 2018 and consisted of personnel costs of $135, product development costs of $216, travel and promotional expenditures of $23, and other research related expenses of $62. The Company did however, continue some of its research and development efforts in order to refine its cultivation processes and to aid in future product development. Dr. Ravinder Kumar, Ph.D. started with the Company with an emphasis to commercialize innovative solutions to the drinks and edibles market expected to be legalized in Canada in October 2019.

The Company incurred research and product development expenses of $516 during the three months ended March 31, 2018, comprised of personnel costs of $373 and product development expenses of $143 as the Company was not producing saleable product in the prior year.

Research and development expenses decreased from Q4-2018 as the Company's focus shifted more resources towards production. Personnel costs in Q4-2018 were $178, product development costs of $404, travel and promotional expenditures of $83 and other research related expenses of $113. The Company increased production activities in Q1-2019 as it continued to prepare for operational readiness aimed at serving the adult use market.

General and administrative expenses

General and administrative expenses of $8,682 for the three months ended March 31, 2019 were $4,876 higher than expenses of $3,806 for the same period in the prior year, as a result of the expansion of the business as it moves towards commercial production. Included in general and administrative expenses in the current quarter compared to the three months ended March 31, 2018, respectively are personnel costs of $2,520 in comparison to $810, consulting fees of $886 compared to $1,219, professional and legal fees of $2,109 compared to $695, occupancy costs of $150 compared to $137, and other administrative expenses of $487 in comparison to $945. The remaining $2,530 of expenses in the current quarter included investor relations expenses, taxes, licences and listing expenses, travel and promotion expenses, computer and IT expenses, insurance expense, recruiting fees, office and administrative expenses and directors' fees, which were not significant in the three months ended March 31, 2018.

In comparison to Q4-2018, general and administrative expenses decreased by $2,443. Consulting, professional and legal fees decreased due to the investments made towards operational readiness activities such as hiring and preparing the supply chain with internal hiring and assistance from third party vendors being primarily made in Q4-2018. In Q1-2019, management made conscious efforts to control general and administrative costs ahead of the launch of the Grower's Circle and plans to hire at a steady pace, critical in-house positions to limit the use of external consultants in Canada. Professional and legal fees are expected to increase in future quarters as the Company continues to operate in ever changing and evolving international markets to remain competitive. Management views the monitoring of international regulatory environments as critical to the business' international success.

Non-cash stock-based compensation expenses

Non-cash stock-based compensation increased by $1,247 to $3,419 for Q1-2019 from $2,172 in Q1-2018, which is a result of the Company issuing more non-cash stock-based compensation to provide equity incentives to management and employees to incentivize stakeholder returns and have an interest in the growth of the Company. In comparison to Q4-2018, the Company experienced an increase of $504 due to newly hired employees being granted share-based compensation upon commencing their employment as operations continued to grow.

Loss from operations

Losses from operations of $14,725 for the three months ended March 31, 2019 were higher than losses from operations of $7,461 for the three months ended March 31, 2018, primarily as a result of increased expenses as outlined above, related to significant changes and evolution of the business from its first days of operation to becoming a global premium organic cannabis producer.

In comparison to a loss from operations of $18,188 in Q4-2018, the Company's losses from operations were lower with the decreased loss primarily due to a decrease in professional and legal fees associated with financings and acquisitions in Q4-2018. It is largely comprised of a decrease in general and administrative spend of $2,443, a decrease in sales and marketing expenses of $194, a decrease in R&D spend of $342, and an increase in revenues of $527 which arose from HemPoland, partially offset by an increase in stock-based compensation of $504, and an increase in depreciation and amortization of $52.

Net loss

The Company's net loss for the three months ended March 31, 2019 is comprised of $14,091 (Q1-2018 – $7,266) is comprised of the loss from operations discussed above primarily offset by finance income $1,186 in comparison to $195 in the same period for the prior year due to significantly more capital being managed in top tier Canadian financial institutions. In comparison to Q4-2018, the Company experienced a $144 increase in finance income due to interest rate increases and actively managing the cash balances on which it can earn interest to earn adequate rates of return.

Comprehensive loss

The Company's comprehensive loss for the three months ended March 31, 2019 is $15,441 (Q1-2018 – $7,266) and is comprised of the net loss discussed above and the losses incurred through other comprehensive income due to foreign exchange translation losses from foreign operations of $1,350. The Company did not have other comprehensive loss or income for the same period in the prior year.

In comparison to Q4-2018, the Company's other comprehensive loss increased by $1,863 due to fluctuation in exchange rates where the functional currency of a foreign operation differed from that of the reporting entity, The Green Organic Dutchman Holdings Ltd.

FINANCIAL POSITION

The following is a discussion of the changes to the Company's financial position as at March 31, 2019 as compared to January 1, 2019 in accordance with IFRS and on a consistent basis with the interim consolidated financial statements and related notes:

in thousands of $CAD, except %	As at March 31, 2019	As at January 1, 2019	Change ($)	Change (%)	Comments
ASSETS					
Current assets					
Cash and cash equivalents	**$ 174,428**	$ 213,549	(39,121)	(18)	See Liquidity and Capital Resources section below.
Restricted cash	**50,000**	50,000	-	-	See Liquidity and Capital Resources section below.
Refundable sales tax receivable	**10,258**	13,332	(3,074)	(23)	Input tax credits refunded in Q1 2019, partially offset by value added taxes paid on new expenditures and not yet refunded.
Prepaid expenses and deposits	**3,919**	3,521	398	11	An increase in prepaid operational expenses and deposits with the ramp-up to be operationally ready for full scale production in 2019.
Trade Receivables	**2,337**	1,199	1,138	95	An increase in sales from operations in Europe, partially offset by collection of receivables outstanding as at January 1, 2019.
Inventories	**3,892**	3,925	(33)	(1)	A decrease due to the sold inventory of HemPoland, partially offset by an increase in inventory due to the harvesting of biological assets.
Biological assets	**361**	395	(34)	(9)	The decrease in biological asset value is due to costs being transferred to inventory on harvest, partially offset by the growth of unharvested plants.
Due from related parties	**909**	800	109	14	See Related Party section below.
Other current assets	**511**	864	(353)	(41)	A decrease due to accrued interest paid by financial institutions in Q1 2019.
	$ 246,615	$ 287,585	(40,970)	(14)	
Non-current assets					
Property, plant and equipment	**$ 157,187**	$ 108,808	48,379	44	An increase due to $48,755 in additions partially offset by $262 in depreciation, foreign exchange changes of $107 and disposals of $7.
Intangible assets	**14,099**	13,535	564	4	An increase mainly due to the capitalization of development costs related to the Company's implementation of a modernized enterprise resource planning system to support full scale operations.
Investments in associates	**10,674**	10,944	(270)	(2)	A decrease due to share of Epican comprehensive loss in Q1-2019.
Goodwill	**10,334**	10,702	(368)	(3)	A decrease due to the foreign exchange translation of the goodwill recorded on the HemPoland transaction.
Loan receivable	**1,001**	1,001	-	-	
Other assets	**30,443**	14,661	15,782	108	An increase due to deposits being made on the Company's main construction projects for steel, glass, etc. These are expected to transfer to fixed assets as the projects progress.
Total assets	**$ 470,353**	$ 447,236	23,117	5	

in thousands $CAD, except %	As at March 31, 2019	As at January 1, 2019	Change ($)	Change (%)	Comments
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Accounts payable and accrued liabilities	**$ 54,104**	$ 28,258	25,846	91	An increase due to increased transactional activity mainly due to construction at both the Hamilton and Valleyfield sites, partially offset by payments made during Q1-2019.
Income tax payable	**901**	781	120	15	An increase due to taxable profit recorded before accounting adjustments from HemPoland.
Short-term loans	**517**	688	(171)	(25)	A decrease due to paying off line of credit in HemPoland.
Current portion of lease liabilities	**392**	263	129	49	An increase due to the impact of IFRS 16 adoption.
	$ 55,914	$ 29,990	25,924	86	
Non-current liabilities					
Lease liabilities	**1,451**	1,468	(17)	(1)	Additions due to the impact of IFRS 16 adoption. Decreased due to principal and interest payments made on lease liabilities.
Contingent consideration	**663**	688	(25)	(4)	A decrease due to the revaluation of contingent consideration owed resulting from HemPoland acquisition as at March 31, 2019.
Deferred tax liability	**1,361**	1,435	(74)	(5)	A decrease due to foreign exchange differences on taxes payable balances from HemPoland.
Total liabilities	**$ 59,389**	$ 33,581	25,808	77	
Non-controlling interests	**(44)**	-	(44)	(100)	Portion of loss not attributable to TGOD shareholders from newly controlled joint-ventures in Denmark and Mexico.
Total Shareholders' Equity	**$ 410,964**	$ 413,655	(2,691)	(1)	A decrease due to a decrease in reserve for warrants of $1,749, an increase in the accumulated deficit of $14,007, a decrease in accumulated other comprehensive income of $1,350, and a decrease in non-controlling interests of $44, partially offset by increased share capital of $11,151, and reserve for share-based compensation increase of $3,308.
Total Liabilities and Shareholders' Equity	**$ 470,353**	$ 447,236	23,117	5	

LIQUIDITY AND CAPITAL RESOURCES

During the three months ended March 31, 2019, the Company generated substantially all of its revenue from foreign operations and relied on the equity financing raise in prior years to finance its operations and meet its capital requirements. The Company's objectives when managing its liquidity and capital resources are to maintain a sufficient capital base to maintain investor and creditor confidence and to sustain the future development of the business.

Working capital as of March 31, 2019 was $190,701 (December 31, 2018 - $257,707). Total cash position was $224,428 including $50,000 of restricted cash (December 31, 2018 – $263,549 of which $50,000 was restricted cash) held in escrow for construction contracts. This cash, together with normal course bank facilities and equipment leasing, will be used towards the construction of facilities in 2019, to install manufacturing equipment and cover operating costs until the Company has positive operating cashflow, which is expected by the first half of 2020.

Operating Activities

In Q1-2019, cash received from operating activities was $491 (Q1-2018 - $3,774 cash used), and consisted of net loss after income taxes of $15,441 (Q1-2018 - $7,266), deferred income tax recovery of $14 (Q1-2018 - $Nil), revaluation of contingent consideration of $25 (Q1-2018 - $Nil) and unrealized gain on change in fair value of biological assets of $215 (Q1-2018 - $Nil), offset by non-cash share-based compensation of $3,419 (Q1-2018 - $2,100), depreciation of $262 (Q1-2018 - $65), amortization of $299 (Q1-2018 - $74), share of loss on investment in associates of $222 (Q1-2018 - $Nil), and current income tax expense of $121 (Q1-2018 - $Nil). Changes in non-cash working capital included an increase in prepaid expenses of $398 (Q1-2018 - $6), an increase in accounts receivable of $1,138 (Q1-2018 - $Nil), an increase in other assets (long-term) of $15,782 (Q1-2018 – decrease of $935), an increase in other current assets of $21 (Q1-2018 – $149), and offset by a decrease in refundable sales tax receivable of $3,074 (Q1-2018 – increase of $532), a decrease in biological assets of $27 (Q1-2018 - $Nil), a decrease in inventory of $255 (Q1-2018 - $Nil), and an increase in accounts payable and accrued liabilities of $25,846 (March 31, 2018 - $1,005).

Investing Activities

In Q1-2019, cash used in investing activities was $49,860 (Q1-2018 - $6,495), and consisted mainly of investments in property, plant and equipment of $25,996 (Q1-2018 - $4,324) and changes in non-cash working capital related to property, plant and equipment of $22,666 (Q1-2018 - $Nil) as the Company has continued to work on the expansion of the Hamilton Facility and the Québec Facility. The Company also invested in intangible assets to ensure operational readiness, resulting in cash used of $913 (Q1-2018 - $Nil), in addition to changes in non-cash working capital related to intangibles of $292 (Q1-2018 - $Nil). The Company did not invest in associates in Q1-2019 whereas it invested $2,171 in Québec SubCo in Q1-2018.

Financing Activities

During Q1-2019, the Company received $103 in proceeds from the exercise of stock options (Q1-2018 - $9), $9,188 in proceeds from the exercise of warrants (Q1-2018 - $Nil), $374 in interest on its deposits (Q1-2018 - $54), $40 as capital contributed by a non-controlling interest (Q1-2018 - $Nil), and $43 related to proceeds on repayment of related party loans (Q1-2018 - $190). Cash used in financing activities in Q1-2019 related to advances to related parties of $152 (Q1-2018 - $Nil) and repayments of short-term loans of $171 (Q1-2018 - $Nil). Cash provided by financing activities was driven by proceeds received from the exercises of stock options and warrants during the period. In Q1-2019, the Company did not receive proceeds from share issuances whereas it raised $21,918, net of share issue costs in Q1-2018. In addition, in Q1-2018, the Company extended a $1,001 loan as part of the Québec SubCo transaction. The cash inflow during the period was driven by proactively managing working capital needs resulting in increased finance income with higher returns earned on bank deposits.

Short-term Loans

On September 1, 2017, the Company executed a revolving credit agreement with a Canadian credit union entitling the Company to borrow to a maximum limit of $5,000, subject to certain reporting requirements. The credit facility is secured by a GIC and bears a conventional rate of interest. As at March 31, 2019, the Company has not drawn under the revolver loan and is in compliance with the reporting requirements. On October 1, 2018, as part of the HemPoland transaction, the Company acquired HemPoland's operating line of credit of which the entire outstanding amount drawn upon of $146 (400,000 PLN) was repaid as at March 31, 2019. Also, as part of the HemPoland transaction, the Company acquired HemPoland's short-term loan payable on certain premises in Poland, of which $517 remained outstanding as at March 31, 2019 (December 31, 2018 - $542).

Contractual Lease Commitments

The Company has entered into contracts at multiple locations, whereby they are committed to make future payments. Management has reviewed these contracts and determined that they qualify for the recognition exemptions as prescribed by IFRS 16. The total future minimum annual contractually committed payments, other than those already captured under

IFRS 16, are $95. The lease for the office space of the Company's headquarters required the issuance of a letter of credit in the amount $350, which may be drawn upon by the landlord in the event of a material breach of the agreement. As at March 31, 2019, there have been no breaches and no amounts have been drawn upon this letter of credit.

Construction Agreements

The Company has entered into contracts to facilitate the construction of its facilities in Hamilton, Ontario and Salaberry-de-Valleyfield, Québec with various vendors. Pursuant to some of these agreements, the Company has issued letters of credit in the amount of $5,003 which may be drawn upon in the event of material breaches of the respective agreements. These letters of credit bear conventional rates of interest partially offset by the interest earned on guaranteed investment certificates ("GIC") securing the letters as collateral. The Company has pledged $5,000 of GICs as collateral, which has been recorded in other assets due to the long-term nature of the related project. As at March 31, 2019, there have been no breaches and no amounts have been drawn on the letters of credit. As at December 31, 2018, the Company has outstanding deposits on construction related activities of $25,186 (December 31, 2018 – $9,431). The Company has also entered into an escrow agreement with its construction partner in Québec whereby $50,000 has been allocated to the Québec project and these funds are included in restricted cash.

Update on Hamilton Facility and Québec Facility Milestones

The Company continued to make significant progress at both facility locations. At the Hamilton Facility, several major milestones were achieved which include the construction completion of the enclosed facility, the mechanical completion the main power generating units, the installation of 75% of greenhouse floor, and the commencement of the commissioning process which focused on the early start up systems. At the Valleyfield facility, concrete floors installation commenced with 50% of the main greenhouse being completed, and start of erection of the support building steel:

Facility (1)	Plan - Latest description presented on March 19, 2019	Current Status
Hamilton	Combined facilities: 166,000 sq. ft. capable of producing 17,500 kgs annually Timeline: Completion June 2019	No changes to the stated plan are expected. Financial and other considerations are specified below.
Québec	Combined Facilities: 1,310,000 sq. ft. capable of producing 185,000 kgs annually, in the following phases: • Phase 1a Hybrid Greenhouse (1st floor): 578,000 sq. ft. - 65,000 kg capacity - Q4 2019 • Phase 1a Central Processing Facility (1st floor): 245,310 sq. ft. - Q4 2019 • Phase 1b 2nd floor Greenhouse: 197,518 sq. ft.; 65,000 kg capacity - 2020 • Phase 2 Hybrid Greenhouse: 289,000 sq. ft.; 55,000 kg - 2021	No changes to the stated plan are expected. Financial and other considerations are specified below.

The next milestone that the Company intends to meet for each of the Hamilton Facility and the Québec Facility is the completion of the full construction of the structures for each facility. The estimated costs to achieve these milestones are $12,900 for the Hamilton Facility and $67,800 for Phase 1a of the Québec Facility, excluding operating and manufacturing equipment that may be purchased or leased. The Company will do a combination of in-house manufacturing and outsourcing based on factors such as available expertise, speed to market and cost. Costs incurred to date on the facilities build outs are included in Construction in Progress, within Property, Plant and Equipment and in Other assets in the Company's consolidated financial statements. The table below outlines the forecasted growing capacity at each of the Hamilton Facility and the Québec Facility and assumptions regarding construction timelines, facility size, and budget for structure construction:

Detail (1)	Hamilton Facility	Québec Facility
Project timelines	End Q2 2019	Q4 2019 to 2021
Annual Growing capacity	Approximately 17,500 kilograms	Approximately 185,000 kilograms
Square footage	166,000 square feet	1,310,000 square feet
Construction budget	$34,600	$174,700 (2)
Life-to-date spend as at March 31, 2019	$21,660	$59,224

With respect to the operating and manufacturing equipment, $17,356 has been spent to date in Hamilton and $56,087 in Quebec. Depending on the level of leasing and outsourcing undertaken, an additional $24,964 could be incurred on equipment and systems to complete Hamilton in 2019. At Valleyfield, the equipment and systems will be phased in through 2021, which will be determined based on level of outsourced processing and manufacturing undertaken and potential changes in regulation, with an amount of $79,317 forecasted for the balance of Phase 1a, subject to reduction due to outsourcing and leasing.

(1) These statements constitute forward looking information related to possible events, conditions or financial performance based on future economic conditions and courses of action. These statements involve known and unknown risks, assumptions, uncertainties and other factors that may cause actual results or events to differ materially. The Company believes that there is a reasonable basis for the expectations reflected in the forward-looking statements, however, these expectations may not prove to be correct.

(2) Includes $47,675 estimate related to Phase 1b in 2020 and Phase 2 in 2021.

On July 19, 2018, the Hamilton City Council (the "City") voted to disallow the zoning amendment required in connection with the Hamilton Facility's planned greenhouse expansion contrary to the City's planning committee's recommendation. The Company reached a settlement with the City to allow the required zoning amendment on March 28, 2019 upon confirmation of the settlement by the Local Planning Appeal Tribunal ("LPAT"), which was received on May 2, 2019.

Use of Proceeds from Previous Financings

The Company used funds from financings from prior years primarily for capital for its Hamilton and Québec Facilities, other capital expenditures, licensing transactions and development of start-up projects, operational expenses, and international expansion. No new financings occurred in during the first quarter of 2019 and the primary use of funds are as described in the above sections labelled "operating activities", "investing activities", and "financing activities". The spend on the Company's significant construction projects is also presented in the section entitled "Update on Hamilton Facility and Québec Facility Milestones". Significant funds remain to ensure that the Company can achieve its stated objectives.

OFF-BALANCE SHEET ARRANGEMENTS

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

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

[a] Accounting policies currently in effect

Except as disclosed in Note 3 to our interim consolidated financial statements, there were no significant changes in our accounting policies and critical accounting estimates for the three months ended March 31, 2019 other than as described below. We describe our significant accounting policies and critical accounting estimates in Note 3 to the audited consolidated financial statements and MD&A for the year ended December 31, 2018.

[b] New standards, interpretations and amendments adopted by the Company

IFRS 16 – Leases ("IFRS 16")

Effective January 1, 2019, the Company adopted IFRS 16, which supersedes previous accounting standards for leases, including IAS 17, Leases ("IAS 17") and IFRIC 4, Determining whether an arrangement contains a lease ("IFRIC 4").

IFRS 16 introduced a single accounting model for lessees unless the underlying asset is of low value or less than twelve months in duration. A lessee is required to recognize, on its statements of financial position, a right-of-use asset, representing its right to use the underlying lease asset, and a lease liability, representing its obligation to make lease payments. As a result of adopting IFRS 16, the Company has recognized an increase to both assets and liabilities on the consolidated statements of financial position, as well as a decrease to general and administrative expenses (for the removal of rent expense for leases), an increase to depreciation and amortization (due to depreciation of the right-of-use assets), and an increase to finance costs (due to accretion of the lease liability). The accounting treatment for lessors remains largely the same as under IAS 17.

The Company adopted IFRS 16 with the cumulative effect of initial application recognized as an adjustment to retained earnings within shareholders' equity on January 1, 2019. The Company has not restated comparative figures for 2018. At transition, we applied the practical expedient available to us as lessee that allows us to maintain our lease assessments made under IAS 17 and IFRIC 4 for existing contracts. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed after January 1, 2019.

For leases that were classified as operating leases under IAS 17, lease liabilities at transition have been measured at the present value of remaining lease payments, discounted at the related incremental borrowing rate as at January 1, 2019, or if available, the interest rate implicit in the lease contract. Generally, right-of-use assets at transition have been measured at an amount equal to the corresponding lease liabilities, adjusted for any prepaid or accrued rent relating to that lease. For certain leases where the Company has readily available information, the Company has elected to measure the right-of-use assets at their carrying amounts as if IFRS 16 had been applied since the lease commencement date using the related incremental borrowing rate for the remaining lease period as at January 1, 2019.

On transition, the Company has elected to apply the recognition exemptions on short-term leases and low-value leases; however, the Company may choose to not elect the recognition exemptions on a class-by-class basis for new classes, and lease-by-lease basis, respectively, in the future. The Company does not currently have any contracts where it acts as the lessor.

Reconciliation of condensed consolidated statement of financial position as at January 1, 2019

Below is the effect of transition to IFRS 16 on the impacted line items of the Company's interim condensed consolidated statement of financial position as at January 1, 2019:

	Reference		As reported as at December 31, 2018		Effect of IFRS 16 transition		Subsequent to transition as at January 1, 2019
ASSETS							
Non-current assets							
Property, plant and equipment	(i)	**$**	**107,529**	$	1,279	**$**	**108,808**
Total assets		**$**	**445,957**	$	1,279	**$**	**447,236**
LIABILITIES AND SHAREHOLDERS' EQUITY							
Current liabilities							
Current portion of lease liabilities	(i)	**$**	**151**	$	112	**$**	**263**
Non-current liabilities							
Lease liabilities	(i)		**261**	$	1,207		**1,468**
Total liabilities		**$**	**32,262**	$	1,319	**$**	**33,581**
Shareholders' equity							
Deficit			**(58,823)**		(40)		**(58,863)**
Total Shareholders' Equity		**$**	**413,695**	$	(40)	**$**	**413,655**
Total Liabilities and Shareholders' Equity		**$**	**445,957**	$	1,279	**$**	**447,236**

(i) Right-of-use assets and lease liabilities

The Company has recorded a right-of-use asset and a lease liability for all existing leases at the lease commencement date, which is January 1, 2019 for the purposes of adoption. The lease liability has been initially measured at the present value of lease payments that remain to be paid at the commencement date. Lease payments included in the measurement of the lease liability include:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or rate;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

After transition, the right-of-use assets will initially be measured at cost, consisting of:

- the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date; plus
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or restore the site on which it is located; less
- any lease incentives received.

The right-of-use assets will typically be depreciated on a straight-line basis over the lease term, unless the Company expects to obtain ownership of the leased asset at the end of the lease. The lease term will consist of:

- the non-cancellable period of the lease;
- periods covered by options to extend the lease, where we are reasonably certain to exercise the option; and
- periods covered by options to terminate the lease, where we are reasonably certain not to exercise the option.

The Company's weighted average borrowing rate applied to lease liabilities at January 1, 2019 is 2.99%. The difference between operating lease commitments disclosed as at December 31, 2018 under IAS 17 and discounted using the incremental borrowing rate at the date of initial application on January 1, 2019 and the lease liabilities recognized at the date of initial application is not significant.

[c] Change in functional currency of HemPoland

For the three months ended March 31, 2019, the functional currency of the Company's wholly owned subsidiary, HemPoland, was determined to be the European Euro, where it was previously the Polish Zloty. The Company determined there were no material impacts to the current period or prior periods' financial statements as a result of this change.

[d] New standards, interpretations and amendments not yet adopted by the Company.

The Company has not identified any relevant or material new standards, interpretations and amendments to be adopted by the Company in future periods.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

[a] Fair values

The Company's financial instruments were comprised of the following as at March 31, 2019: cash and cash equivalents; restricted cash; refundable sales tax receivable; trade receivables; due from related parties; loan receivable; accounts payable and accrued liabilities; short-term loans; contingent consideration and lease liabilities.

The fair values of the financial assets and financial liabilities are shown at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The assumption for the instruments recorded at amortized costs that the instruments fair values approximate their carrying amounts is largely due to the short-term maturities of these instruments. The fair value of the loan receivable recorded at fair value through profit and loss is Level 3 and is based on the established underlying fair values of the assets during the recent transaction involving the investment in QuébecCo, whereby it was reasonably concluded to continue to approximate the same fair value as at March 31, 2019 as compared to the initial recognition date.

[b] Fair value hierarchy

Financial instruments recorded at fair value on the consolidated statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. During the three months ended March 31, 2019, there were no transfers of amounts between levels.

[c] Management of key risks arising from financial instruments

Credit Risk

As at March 31, 2019, the Company's trade receivables are 100% concentrated in Europe. The Company had one customer whose balance comprised 35% of total trade receivables as at March 31, 2019 (December 31, 2018 – two customers at 54% and 14%). The Company's revenues were derived primarily from the Company's operations in Europe from the Company's wholly owned subsidiary, HemPoland. The Company had one customer that accounted for 17% of total revenue earned during the three months ended March 31, 2019 (three months ended March 31, 2018 – none).

RELATED PARTY TRANSACTIONS

Identification of related parties

Related parties for the period ending March 31, 2019 have been identified as follows:

Related party	Business relationship	Measurement basis
Jeffrey Scott	Director	Exchange amount
Nicholas Kirton	Director	Exchange amount
Marc Bertrand	Director	Exchange amount
Jacques Dessureault	Director	Exchange amount
Caroline MacCallum	Director	Exchange amount
Brian Athaide	Management, Director	Exchange amount
Sean Bovingdon	Management	Exchange amount
Michael Gibbons	Management	Exchange amount
Julia Golubovskaya	Management	Exchange amount
Marie-Josee Lafrance	Management	Exchange amount
David Perron	Management	Exchange amount
Andrew Pollock	Management	Exchange amount
Csaba Reider	Management	Exchange amount
Geoffrey Riggs	Management	Exchange amount
Matthew Schmidt	Management	Exchange amount
Anna Stewart	Management	Exchange amount
John Wren	Management	Exchange amount
Shane Dungey	Management	Exchange amount
Ravinder Kumar	Management	Exchange amount
Marc Cernovitch	Management	Exchange amount
Nadine Jean-Francois	Management	Exchange amount
Ian Wilms	Management, former Director	Exchange amount
Aurora Cannabis Inc.	10% security holder	Exchange amount
Epican and Epican Canada	Non-controlled investee	Exchange amount
9371-8633 Québec Inc.	Non-controlled investee	Exchange amount

Key transactions with related parties

There have been no material transactions with related parties and no unusual transactions outside of the normal course of business. As at March 31, 2019, the Company had no receivable or payable balances with key management personnel and $125 of director fees payable.

Other

Shares were transferred to a third-party Company pursuant to the terms of the Arrangement for services paid in the amount of $200 on behalf of SpinCo, by the Company. The Company is owed approximately $97 as at March 31, 2019 for additional expenses paid on behalf of SpinCo.

REGULATORY LANDSCAPE

The results of operations and financial condition of the Company are subject to a number of regulations and are affected by a number of factors outside the control of management.

Canadian Regulatory Landscape

Cannabis production, distribution, sale, and use is illegal in Canada except where specifically permitted by law. Prior to October 17, 2018, the production, distribution, and use of cannabis for medical use was legal in Canada since 2001, first under the federal *Medical Marihuana Access Regulations*, later replaced with the *Marihuana for Medical Purposes Regulation*s, and then the *Access to Cannabis for Medical Purposes Regulations* ("ACMPR"). On October 17, 2018, the federal Cannabis Act and accompanying Regulations, including the *Cannabis Regulations* ("Cannabis Regulations"), the new

Industrial Hemp Regulations ("IHR", and together with the Cannabis Regulations, collectively, the "Regulations"), came into force, legalizing the production, distribution and sale of cannabis for adult recreational purposes, as well as incorporating the existing medical cannabis regulatory scheme under one complete framework. The Canadian federal government has published draft regulations that, if enacted, would legalize edible cannabis, cannabis extracts, and cannabis topicals for adult recreational uses.

Pursuant to the federal regulatory framework in Canada, each province and territory may adopt its own laws governing the distribution, sale and consumption of cannabis and cannabis accessories within the province or territory. All Canadian provinces and territories have implemented or announced proposed mechanisms for the distribution and sale of cannabis for recreational purposes within those jurisdictions, and retail models vary between jurisdictions.

The Cannabis Act maintains separate access to cannabis for medical purposes, including providing that import and export licences and permits will only be issued in respect of cannabis for medical or scientific purposes or in respect of industrial hemp. Part 14 of the Cannabis Regulations sets out the regime for medical cannabis following legalization, which is substantively the same as the ACMPR with adjustments to create consistency with rules for non-medical use, improve patient access, and reduce the risk of abuse within the medical access system. Patients who have the authorization of their healthcare provider continue to have access to cannabis, either purchased directly from a federally licensed entity authorized to sell for medical purposes, or by registering to produce a limited amount of cannabis for their own medical purposes or designating someone to produce cannabis for them.

The Cannabis Act and the Cannabis Regulations provide a licensing scheme for the production, importation, exportation, testing, packaging, labelling, sending, delivery, transportation, sale, possession and disposal of cannabis for non-medicinal use (i.e., adult recreational use). Transitional provisions of the Cannabis Act provide that every licence issued under section 35 of the ACMPR that is in force immediately before the day on which the Cannabis Act comes into force is deemed to be a licence issued under the Cannabis Act, and that such licence will continue in force until it is revoked or expires.

Below are additional highlights of the Cannabis Act:

- Places restrictions on the amounts of cannabis that individuals can possess and distribute, and on public consumption and use, and prohibits the sale of cannabis unless authorized by the Cannabis Act.
- Permits individuals who are 18 years of age or older to cultivate, propagate, and harvest up to and including four cannabis plants in their dwelling-house, propagated from a seed or plant material authorized by the Cannabis Act.
- Restricts (but does not strictly prohibit) the promotion and display of cannabis, cannabis accessories and services related to cannabinoids to consumers, including restrictions on branding and a prohibition on false or misleading promotion and on sponsorships.
- Permits the informational promotion of cannabis by entities licensed to produce, sell or distribute cannabis in specified circumstances to individuals 18 years and older.
- Introduces packaging and labelling requirements for cannabis and cannabis accessories and prohibits the sale of cannabis or cannabis accessories that could be appealing to young persons.
- Provides the designated minister with the power to recall any cannabis or class of cannabis on reasonable grounds that such a recall is necessary to protect public health or public safety.
- Establishes a national cannabis tracking system to monitor the movement of cannabis from where it is grown, to where it is processed, to where it is sold.
- Provides powers to inspectors for the purpose of administering and enforcing the Cannabis Act and a system for administrative monetary penalties.

Provincial Regulatory Framework for Recreational Cannabis

While the Cannabis Act provides for the regulation of the commercial production of cannabis and related matters by the federal government, the Cannabis Act provides the provinces and territories of Canada with authority to adopt their own laws governing the distribution, sale and consumption of cannabis and cannabis accessory products within the province or territory, permitting for example, provincial and territorial governments to set lower possession limit for individuals and higher age requirements. Currently each of the Canadian provincial and territorial jurisdictions has established a minimum age of 19 years old, except for Québec and Alberta, where the minimum age is 18.

All Canadian provinces and territories have implemented or announced proposed regulatory regimes for the distribution and sale of cannabis for recreational purposes within those jurisdictions. Provincial/territorial bodies act as intermediaries between entities licensed federally under the Cannabis Act and consumers, such bodies acting in some jurisdictions as exclusive cannabis wholesalers and distributors, and in some instances such bodies acting as exclusive retailers. The laws continue to evolve, and differences in provincial and territorial regulatory frameworks could result in, among other things, increased compliance costs, and increased supply costs.

Municipal and regional governments may also choose to impose additional requirements and regulations on the sale of recreational cannabis, adding further uncertainty and risk to the company's business. Municipal by-laws may restrict the number of recreational cannabis retail outlets that are permitted in a certain geographical area, or restrict the geographical locations wherein such retail outlets may be opened.

Regulatory Landscape Outside Canada

The Company only conducts business in jurisdictions outside of Canada where such operations are legally permissible in accordance with all of the laws of the foreign jurisdiction, the laws of Canada and its regulatory obligations to the TSX. The legal and regulatory requirements in the foreign countries in which the Company operates with respect to the cultivation and sale of cannabis, as well as local business culture and practices are different from those in Canada. Prior to commencing operations in a new country, in partnership with local legal counsel, consultants and partners, the Company conducts legal and commercial due diligence in order to ensure that the Company and its officers and directors gain a sufficient understanding of the legal, political and commercial framework and specific risks associated with operating in such jurisdiction. Where possible, the Company seeks to work with respected and experienced local partners who can help the Company to understand and navigate the local business and operating environment, language and cultural differences. In consultation with advisors, the Company takes steps deemed appropriate in light of the level of activity and investment it expects to have in each country to ensure the management of risks and the implementation of necessary internal controls.

Denmark

As of January 1, 2018, the Danish government initiated a trial permitting doctors to prescribe medical cannabis to a defined patient group. The trial ("pilot program") will continue for the next four years and is supported by federal funding. The Danish Medicines Agency issues licences to import "primary" (starter) cannabis products and to cultivate (as of July 1, 2018) and produce approved forms of medical cannabis for wholesale distribution within Denmark. Further to cannabis cultivation, the Danish government initiated a four-year development scheme so that the Danish Medicines Agency authorises research and development activities in terms of cultivating and handling cannabis, which may form part of the pilot programme at a later stage. All medical cannabis production facilities and products are subject to inspection by the Danish Medicines Agency. Regulations for the export of medical cannabis from Denmark have yet to be developed. Exporting activities relating to cannabis bulk or primary products must be in accordance with requirements laid down in the legislation, including obtaining the necessary authorisation, the country receiving the cannabis bulk must allow import of cannabis for medicinal use and the company importing the Cannabis Bulk or primary products must have the necessary authorisations in place according to national requirements in the importing country.

Jamaica

The Cannabis Licensing Authority (the "CLA") was established in Jamaica in 2015 under the *Dangerous Drugs Amendment Act*, with powers to make and oversee the implementation of regulations for licences, permits and other authorizations for the cultivation, processing, distribution, sale and transportation of cannabis for medicinal, scientific and therapeutic purposes. Currently the regulations do not generally allow for the import or export of medical cannabis, subject to obtaining an export permit. Medical cannabis is available to patients with a prescription written by a medical practitioner registered with the Medical Council of Jamaica. Licences, permits and other authorizations are required for the cultivation, processing, distribution, sale and transportation of medical cannabis. Licence applications are subjected to a rigorous review process and licencees are subject to pre- and post-licence inspection and reporting requirements. Once an applicant completes its post production building, the CLA inspects for final and full licence approval.

Poland

In Poland, the use of hemp is generally restricted and may be accepted only if certain statutory requirements are met. Polish laws provide specific regulations, depending on the use of the hemp. Pursuant to the *Misuse of Drugs Act*, hemp may be grown solely and exclusively for the needs of the textile, chemical, pulp and paper, food, cosmetic, pharmaceutical and construction industries, as well as for seed production. Buying hemp from a farmer requires a permit from the governor of the province holding territorial jurisdiction over the plantation. Buying and reselling hemp seeds is subject to notification to the appropriate Provincial Inspector of Plant Health and Seed Inspection. Where hemp extracts are used for producing foodstuffs, the production facility must meet the sanitary requirements stipulated under the *Act on the Safety of Food and Nutrition*. The cultivation of cannabis which does not fall within the definition of hemp under the Misuse of Drugs Act, *i.e. "plant species Cannabis Sativa L., in which the total content of delta-9-tetrahydrocannabidiol and tetrahydrocannabinolic acid (delta-9-THC-2-carboxylic acid) in the floral or fructifying tops of the plants, from which resins has not been removed, does not exceed 0.20% of the dry-extract content"* is prohibited in Poland.

Mexico

On June 19, 2017, Mexico enacted laws allowing for the use of cannabis for medicinal purposes that can be prescribed by any licensed physician and sold in pharmacies, as long as the products contain less than 1% THC and the sale of other products with broad industrial uses as long as a cumulative dose of 1% THC is not exceeded, subject to provisions established in the implementing regulations to be issued by the executive branch. The authority overseeing medicinal cannabis regulations in Mexico is the Mexican Ministry of Health through the Federal Commission for the Protection against Sanitary Risks (COFEPRIS). On September 20, 2018, the Federal Commissioner of the COFEPRIS announced the conclusion of the technical review process for the regulation of medicinal cannabis and the proximate presentation of the regulations to the former Mexican President for ratification. Such ratification did not occur during the previous administration. On October 30, 2018, guidelines were issued by COFEPRIS regulating medicinal cannabis and allowing the sale of food, food supplements, alcoholic and non-alcoholic beverages without a medical prescription as long as a cumulative dose of 1% THC is not exceeded. Such guidelines were later revoked on March 27, 2019 and the Ministry of Health is currently working on new regulations which are expected to be published within the coming months. Management anticipates that medicinal cannabis and products containing less than 1% THC regulations will be issued in the near future and exports to Mexico could begin sometime thereafter.

United States

"Marijuana" is a Schedule I controlled substance under the United States Controlled Substances Act of 1970. On December 20, 2018, hemp (defined as cannabis with less than 0.3% THC) was removed from Schedule 1 of the list of controlled substances under United States federal law in accordance with the United States Agriculture Improvement Act of 2018, commonly known as the "2018 Farm Bill". The 2018 Farm Bill does not affect any other cannabis product and therefore cannabis and cannabis derivatives that do not meet the definition of hemp, and activities involving them, remain illegal under United States federal law. In order to effectively implement the hemp-related provisions of the Farm Bill, the United States Department of Agriculture (the "UDSA") must develop and approve a regulatory plan for the exercise of regulatory authority over hemp production in the United States. The USDA has not to date developed or approved such a plan. The Farm Bill also authorizes individual states to regulate hemp in their jurisdiction by developing and seeking USDA approval of a regulatory plan. In the absence of such approved plans, the production of hemp remains unlawful. In addition, notwithstanding the 2018 Farm Bill, the United States Food and Drug Administration (the "FDA") prohibits cannabis (including hemp) and its derivatives, including cannabidiol (CBD), for use as an ingredient in food and drink. The FDA has announced that it intends to hold a public hearing on May 31, 2019, regarding its approach to products containing cannabis and cannabis derivatives. The FDA has not yet indicated whether its approach to the regulation of such products will change in light of the descheduling of hemp or other developments. In addition, any ingredient derived from hemp in food is subject to the premarket approval requirements applicable to food additives, unless that use is generally recognized as safe ("GRAS"). The FDA recently announced the issuance of letters of no objection to three GRAS notices for ingredients derived from hemp seed that contain trace amounts of THC and CBD but has not to date addressed whether hemp-derived THC, CBD or other cannabinoids in non-trace levels are GRAS.

RISK FACTORS AND UNCERTAINTIES

Many factors could cause the Company's results of operations, performance and financial condition to differ materially from those expressed or implied by the forward-looking statements and forward-looking information contained in this management's analysis and discussion, including the following factors, which are discussed in greater detail under the heading "Risk Factors" in the Company's Annual Information Form March 19, 2019 filed with securities regulators and available on www.sedar.com, which risk factors are incorporated by reference into this document and should be reviewed in detail by all readers:

- the Company has a limited operating history;
- the Company may be unable to sustain its revenue growth and development;
- there are factors which may prevent the Company from the realization of growth targets;
- the Company's actual financial position and results of operations may differ materially from the expectations of the Company's management;
- the Company expects to incur significant ongoing costs and obligations related to its investment in infrastructure, growth, research and development, regulatory compliance and operations;
- there is no assurance that the Company will turn a profit or generate immediate revenues;
- the adult-use cannabis market in Canada is a relatively new industry;
- the adult-use cannabis market in Canada may experience supply and demand fluctuations that could result in revenue and price decreases;
- the cannabis market in Canada may be significantly reduced over time due to personal cultivation;
- the size of the Company's target market is difficult to quantify, and investors will be reliant on their own estimates on the accuracy of market data;
- the Company is subject to changes in laws, regulations and guidelines which could adversely affect the Company's future business, financial condition and results of operations;
- the Company is reliant on regulatory approvals and cultivation Licenses for its ability to grow, process, package, store and sell cannabis and other products derived therefrom, and these regulatory approvals are subject to ongoing compliance requirements, reporting obligations and fixed terms requiring renewal;

- any failure on the Company's part to comply with applicable regulations could prevent it from being able to carry on its business and there may be additional costs associated with any such failure;
- under Canadian regulations, a Licensed Producer of cannabis is restricted regarding the type and form of marketing it can undertake which could materially impact sales performance;
- the Company intends to target a premium segment of the adult-use cannabis market, which may not materialize, or in which it may not be able to develop or maintain a brand that attracts or retains customers;
- the Company's industry is experiencing rapid growth and consolidation that may cause the Company to lose key relationships and intensify competition;
- the Company may be unsuccessful in competing in the overall legal adult-use cannabis market in Canada and any other countries it intends to operate in;
- the Company, or the cannabis industry more generally, may receive unfavorable publicity or become subject to negative consumer or investor perception;
- the Hamilton Facility and the Québec Facility are under construction and any delay in construction may have an adverse impact on the Company;
- the Hamilton Facility and the Québec Facility are expected to become integral to the Company's business and operations;
- there can be no assurance that the Company will receive the required approvals with respect to the Québec Facility;
- the Company may not be able to develop its products, which could prevent it from ever becoming profitable;
- if the Company is unable to develop and market new products, such as beverages, it may not be able to keep pace with market developments;
- there has been limited study on the health effects of cannabis products, including CBD, and future clinical research studies may lead to conclusions that dispute or conflict with the Company's understanding and belief regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of such products;
- trade of cannabis for non-medicinal purposes within Canada may be restricted by the Canadian Free Trade Agreement;
- the Company is exposed to risks relating to the laws of various countries as a result of its planned international operations;
- the Company's business is subject to a variety of foreign laws, many of which are unsettled and still developing, and which could subject it to claims or otherwise harm its business;
- the Company must rely on international advisors and consultants in the foreign countries in which it intends to operate;
- the Company is required to comply concurrently with federal, state or provincial, and local laws in each jurisdiction where it operates or to which it exports its products;
- the hemp and CBD industries and markets are new and heavily regulated with rules subject to rapidly changing laws and uncertainty, compliance with which may come with significant cost;
- the hemp and CBD products industries and markets in Canada, the EU, Jamaica and Mexico are also subject to many of the same risks as the adult-use cannabis industry and market;
- if the Company is unable to attract and retain key personnel, it may not be able to compete effectively in the cannabis market;
- the Company has entered into and in the future may seek to enter into strategic alliances including contractual relationships, joint ventures, selective acquisitions, licensing arrangements or other relationships, or expand the scope of currently existing relationships, with third parties that the Company believes will have a beneficial impact, and there are risks that such strategic alliances or expansions of the Company's currently existing relationships may not enhance its business in the desired manner;
- the Company may not be able to successfully identify and execute future acquisitions or dispositions or successfully manage the impacts of such transactions on its operations;
- the cultivation of cannabis includes risks inherent in an agricultural business including the risk of crop loss, sudden changes in environmental conditions, equipment failure, product recalls and others;
- the Company is reliant on key inputs, such as water and utilities, and any interruption of these services could have a material adverse effect on the Company's finances and operation results. The Company is also dependent on access to skilled labour, equipment and parts;
- the Company is vulnerable to rising energy costs;
- the Company's products may not have, or may not be perceived to have, the effects intended by the end user;
- the Company's quality control systems may not operate effectively;
- the Company's cannabis products may be subject to recalls for a variety of reasons, which could require it to expend significant management and capital resources;
- the Company faces an inherent risk of exposure to product liability;
- the Company may be subject to liability claims as a result of positive testing for THC or banned substances;
- consumer preferences may change, and the Company may be unsuccessful in retaining customers;
- the Company's operations are subject to safety, health and environmental laws and regulations applicable to its operations and industry in the various jurisdictions in which it operates, and it may be held liable for any breaches of those laws and regulations;
- the Company could be liable for fraudulent or illegal activity by its employees, contractors and consultants resulting in significant financial losses or claims against the Company;
- the Company may become subject to litigation in the ordinary course of business;
- the Company will be reliant on information technology systems and may be subject to damaging cyber-attacks;

- the Company may be exposed to liability or the threat of liability in relation to the use of customer information and other personal and confidential information;
- the Company may be subject to risks related to the protection and enforcement of its intellectual property rights, or intellectual property it licenses from others, and may become subject to allegations that it or its licensors are in violation of intellectual property rights of third parties;
- the Company may be subject to breaches of security at its facilities;
- the Company may incur additional indebtedness;
- the Company may not be able to secure adequate or reliable sources of funding required to operate its business or increase its production to meet consumer demand for its products;
- management may not be able to successfully implement adequate internal controls over financial reporting;
- the Company has negative operating cash flow;
- the Company may be subject to credit risk;
- the Company's loans may contain covenants that limit its ability to seek additional financing or perform desired business operations;
- tax and accounting requirements may change in ways that are unforeseen to the Company and it may face difficulty or be unable to implement or comply with any such changes;
- fluctuations in foreign currency exchange rates could harm the Company's results of operations;
- if the Company has a material weakness in its internal controls over financial reporting, investors could lose confidence in the reliability of the Company's financial statements, which could result in a decrease in the value of its securities;
- it is anticipated that no cash dividends will be paid to holders of Common Shares for the foreseeable future;
- the Company continues to sell shares for cash to fund operations, expansion, and mergers and acquisitions that will dilute the current shareholders;
- the Company's officers and directors control a large percentage of the Company's issued and outstanding Common Shares and such officers and directors may have the ability to control matters affecting the Company and its business;
- the price of the Common Shares in public markets may experience significant fluctuations;
- if securities or industry analysts do not continue to publish research, or publish inaccurate or unfavourable research, about the Company's business, the Common Share price and trading volume could decline; and
- U.S. border officials could deny entry into the U.S. to employees of or investors with cannabis operations in the United States and Canada.

DISCLOSURE CONTROLS AND PROCEDURES

Management is responsible for establishing and maintaining a system of disclosure controls and procedures ("DC&P") under National Instrument 52-109 to provide reasonable assurance that all material information relating to the Company and its subsidiaries is gathered and reported to senior management on a timely basis so that appropriate decisions can be made regarding public disclosure.

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have designed such disclosure controls and procedures, or caused them to be designed under their supervision, to provide reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, is made known to them by others within those entities, particularly during the period in which the disclosures are being prepared to provide reasonable assurance that information required to be disclosed under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is also responsible for establishing and maintaining adequate internal control over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial reports for external purposes in accordance with IFRS.

The CEO and CFO have designed internal control over financial reporting, or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with IFRS as at March 31, 2019.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There have been no material changes in the Company's internal control over financial reporting that occurred during the three months ended March 31, 2019, which have been materially affected, or are reasonably likely to affect, the Company's internal controls over financial reporting.

LIMITATIONS ON SCOPE AND DESIGN

In accordance with National Instrument 52-109 subsection (3), the CEO and CFO may limit the certification to exclude a business that the issuer acquired not more than 365 days before the end of the financial period in question. Therefore, the CEO and CFO have limited the scope of the design of the Company's DC&P and ICFR to exclude HemPoland and its subsidiaries, acquired on October 1, 2018, for the three months ended March 31, 2019 and comparative period ending on December 31, 2018. HemPoland's total assets accounted for approximately 7% of the Company's total assets and HemPoland's total liabilities accounted for approximately 9% of the Company's total liabilities. Substantially all the Company's revenues were derived from HemPoland and approximately 2% of the Company's net loss was attributable to HemPoland.

OUTSTANDING SHARE DATA

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

Shares	275,124,038
Warrants	64,249,260
Special underwriter's warrants	234,600
Compensation options	517,587
Escrowed share units arising from the HemPoland transaction	1,968,323
Contingent share units arising from the HemPoland transaction	3,047,723
Restricted share units issued to employees	54,348
Stock options	16,979,599

See the Company's consolidated financial statements for a detailed description of these securities.