Marapharm Ventures Inc.

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MANAGEMENT DISCUSSION & ANALYSIS
For the Three Months Ended June 30, 2018

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FOR THE THREE MONTHS ENDED JUNE 30, 2018

Introduction

The following management discussion and analysis ("MD&A"), prepared as of August 29, 2018, is a review of the operations, current financial position and outlook for Marapharm Ventures Inc. (the "Company" or "Marapharm") and should be read in conjunction with the Company's most recently issued audited financial statements for the year ended March 31, 2018, copies of these financial statements are filed on the SEDAR website: www.sedar.com.

The Company prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS"). All dollar figures included herein and in the following discussion and analysis are stated in Canadian dollars unless otherwise noted.

Management is responsible for the information contained in this MD&A and its consistency with information presented to the Audit Committee and Board of Directors. All information in this document has been reviewed and approved by the Audit Committee and Board of Directors. This review was performed by management with information available as of August 29, 2018.

The financial information in this MD&A is derived from the Company's financial statements prepared in accordance with IFRS. This MD&A may contain forward looking statements based on assumptions and judgments of management regarding events or results that may prove to be inaccurate resulting from risk factors beyond its control. Actual results may differ materially from the expected results.

Forward-Looking Information

This MD&A may include certain "forward-looking statements" within the meaning of applicable Canadian securities legislation. Other than statements of historical facts, all statements included in this MD&A that address activities, events or developments that the Company expects or anticipates will or may occur in the future, including such things as future business strategy, competition, strengths, goals, expansion and growth of the Company's businesses, operations, plans and other such matters are forward-looking statements. When used in this MD&A, the words "estimate", "plan", "anticipate", "expect", "intend", "believe", "pipeline", and similar expressions are intended to identify forward-looking statements. Forward-looking information is based, in part, on assumptions that may change, thus causing actual results or anticipated events to differ materially from those expressed or implied in any forward-looking information. Such assumptions include the stability or improvement of general economic conditions. These statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements are made as of the date of this MD&A and are expressly qualified in their entirety by this cautionary statement. Subject to applicable securities laws, the Company does not assume any obligation to update or revise them to reflect new events or circumstances. Such factors include, among others, risks related to unavailability of financing, unfavorable market conditions and other factors. Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be 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.

Cannabis Industry Involvement Statement

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

In Washington, the Company is exercising its option to purchase 13.6 acres of land specifically approved for cannabis business use, and currently has buildings on the property leased to an I-502 Tier 3 cultivator and producer. The Company's role in this purchase is solely that of landlord, providing turnkey facilities to the tenant. The buildings are currently undergoing extensive renovations. The Company's tenant is compliant the State Liquor Control Board regulations.

Also, in Washington the Company has entered into a letter of intent to acquire certain operational assets, land and water rights in Okanogan County. In parallel, the Company's intended tenant, AlphaPheno, has negotiated tier 2 and tier 3 production licenses allowing 40,000 additional sq. ft. of cannabis plant canopy. The purchase price for the assets is 4,000,000 shares of Marapharm Common Stock equivalent to $2.76 million CAD at the execution of the LOI. The option to acquire the Licenses is subject to Washington State Liquor and Cannabis Board regulatory approval.

In Nevada, Marapharm was approved for 3 medical cannabis licenses and subsequently applied for and was approved for 3 recreational licenses, which include, licenses for cultivation and processing. Two licenses for Distribution are in the application process, awaiting the outcome of a court decision on distribution rights. The Company complies with its ongoing monthly reporting and inspections for its licensing in Nevada, with the City of North Las Vegas and the Nevada Department of Taxation. The temporary facilities in Nevada are being used to accommodate plants in cultivation for transfer into the completed buildings once Occupancy Permits have been approved.

In California the Company owns 420 Express Delivery dba Green Leaf Wellness which holds a temporary Adult Use and Medical Retail License. The State of California has issued only temporary licenses, to all State license holders, while they develop permanent regulations. The Company also owns two properties, with two Conditional Use Permits for medical and adult use cannabis associated to each property. Licensing in California is done through the State of California with the support from local jurisdiction, who pre-approves each application for the State. All regulatory compliance has been followed with these licenses.

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

Description of the Company's Business

Marapharm Ventures Inc. ("Marapharm" or the "Company"), was incorporated under the Business Corporations Act (British Columbia) on April 24, 2007 under the name "0789189 B.C. Ltd". On March 5, 2012, the Company approved a Plan of Arrangement (the "Plan") with its parent company, Whitewater Resources Ltd., and became a reporting issuer. On May 21, 2013, the Company changed its name to "Capital Auction Market Inc". On August 1, 2014, the Company changed its name to "Marapharm Ventures Inc". The Company reached an agreement on December 10, 2014, to acquire Marapharm Inc., a company that was established to enter the emerging market of cannabis for medical purposes under Canadian regulations and has applied for a license with Health Canada. The consolidated financial statements now include the operations of the subsidiaries Marapharm Inc., Marapharm Washington LLC, MWA Management LLC, Marapharm Las Vegas LLC, Phenofarm NV LLC, EcoNevada, LLC and Marapharm DHS California, LLC, MCA Management LLC and 420 Express Delivery dba Green Leaf Wellness. The Company's head office is located at Suite 102 – 1561 Sutherland Avenue, Kelowna, B.C., V1Y 5Y7. The Company's common shares commenced trading on the Canadian Stock Exchange ("CSE") on May 8, 2015 under the symbol "MDM". The Company's common shares also trade on the OTC Markets under the ticker symbol "MRPHF" and the Frankfurt Stock Exchange under the ticker symbol "2MØ".

Marapharm was formed to create a global entity pursuing commercial and retail ventures within the medical and recreational cannabis industry.

<u>Las Vegas, Nevada, United States</u>

Through Marapharm Las Vegas, LLC, the Company owns licenses in Las Vegas for cultivation and processing with two pending distribution licenses, where it is planning to build cannabis facilities of up to approximately 300,000 square feet.

Whatcom County, Washington, United States

Through Marapharm Washington, LLC, the Company has entered into a purchase agreement with sub-leases for the 13.6-acre property in Whatcom County. The Company is currently completing leasehold improvements and purchasing equipment for the facility.

Desert Hot Springs, California, United States

The Company has purchased two properties. There are four adult conditional use permits for medical cannabis associated with these properties.

On February 13, 2018 the company purchased 420 Express Delivery dba Green Leaf Wellness in Desert Hot Springs, California for $1.60 million USD. There is one adult use and medicinal retail license.

Kelowna, BC, Canada

The Company's late stage MMPR/ACMPR license application is currently in the review stage with Health Canada. There is a lease arrangement for an 11-acre property in Kelowna associated with this application, however, the Company has entered into an LOI with Full Spectrum Medicinal (FSM) to consider merging its application onto the property and buildings with FSM.

In addition to its MMPR/ACMPR License application, the Company owns Maragold, an all-natural oil product line, and the hemp formulations are currently in the research and development stage for the inclusion of CBD to its products for US legal distribution markets and in Canada once its legalized.

Overall Performance & Outlook

Highlights

- Cultivation in the temporary Las Vegas buildings continues, allowing us to maintain our production schedule. Contractors are working with the City of North Las Vegas and the State of Nevada to meet the necessary requirements for the Certificate of Occupancy's. This will permit the Tax Departments final inspection and the transfer of plants to the new facilities.
- Agreement with Pre-Fabrication manufacturer and Contractor for build out of a third Las Vegas facility of approximately 65,000 square feet.
- On May 29, 2018, the Company acquired certain operational assets and the right of first refusal to acquire 20 acres of agricultural land and water rights in Tonasket, Okanogan County by issuing 4,000,000 common shares of the Company fair valued at $2,520,000. As part of the asset purchase, the Company assumed the lease obligations and lease payments to the landlord; correspondingly, the Company assumes the sub-lease agreements with the existing sub-tenants.
- On April 04, 2018, the Company closed the second and final tranche of its non-brokered private placement for total proceeds of $1,730,000 through the issuance of 1,996,247 units.
- On May 21, 2018, the Company closed a non-brokered private placement of 7,500,000 units at $0.60 per unit for gross proceeds of $4,500,000.
- On June 04, 2018, the Company closed a non-brokered private placement of 9,000,000 units at $0.50 per unit for gross proceeds of $4,500,000.

Marapharm Washington

Marapharm WA is in the process of developing its property for cultivation, processing and research purposes, with the intention of creating a "Cannabis Campus". The Company will continue to renovate the buildings and build new structures as required. Cannabis has been a boom to the Washington State economy with the Washington State Liquor and Cannabis Board forecasting over 1.6 billion in sales to consumers in 2018.

The Company has entered into a purchase agreement for 13.6 acres of industrial land and buildings located in Washington State for $4.2 million. The Company paid a deposit of $0.50 million USD to be applied against the purchase price. The remaining amount is being paid by way of 37 monthly installments of $0.10 million USD, which began April 01, 2017. The land is zoned for Washington State's I-502 cannabis cultivation and processing requirements. There are currently multiple leased buildings on the property; a 28,000-square foot building (leased to a tier 3 I-502 cannabis cultivation/processing tenant), an 8,486-square foot warehouse, a 7,200-square foot mechanic shop, a 2,216-square foot office building and 9,900-square foot hay barn. The Company's I-502 tenant will be leasing the 28,000-square foot building upon completion of the renovations.

The Company has completed demolition of the building interior allowing for the construction of the new tenant improvements to begin. To proceed with the renovations to the 28,000 sq. foot building, permission had to be obtained from the County as well as the Liquor Control Board. The original interior had been built out of materials that made it prone to mildew, and, the building design limited cultivation methods and maximum use of cultivation space. The interior surfaces have been cleaned and treated for mold prevention. Spray foam insulation has been applied to the roof and walls to meet State requirements, earth work to improve drainage around the facility has been completed. The interior will be re-constructed, and designs are being engineered to accommodate a larger processing footprint.

The estimated budget for the demolition, design and construction of the new facility is $1.5 million. An additional budget of $1.5 million will be required for equipment and finishing.

Subsequent to year end, the Company acquired certain operational assets and, potentially, land and water rights related to two cannabis producers and processors operating in the Okanogan County, located in Washington State. This acquisition provides Marapharm certain operational assets useful in connection with cannabis production and processing (including security cameras, fencing and irrigation systems, as well as leases for the Property and mobile office units) and the right of first refusal to acquire 20 acres of agricultural land, which is well suited to the production of outdoor cannabis (the "Property"). The Property also has access to two water wells and the right to draw water pursuant to a water rights certificate.

In a parallel process, AlphaPheno has negotiated an option to purchase one tier 2 and one tier 3 production and processing license located on the Property (the "Licenses"). The acquisition of the Licenses will enable AlphaPheno to produce an additional 40,000 sq. ft of cannabis plant canopy. The option to acquire the Licenses is subject to regulatory approval by the Washington State Liquor and Cannabis Board.

Marapharm Las Vegas

Medical cannabis has been legal in Nevada since November 7, 2000, and Nevada recently passed a bill legalizing the use of recreational cannabis effective July 01, 2017. Marapharm is poised to take full advantage of this opportunity as the Company has been issued the applicable permits to grow, cultivate and sell its products including edibles and oils.

On May 11, 2015, the Company entered into an agreement. to purchase approximately 5.9 acres. An additional 1.17 acres of adjoining land was purchased to expand the existing property to 7.07 acres in the Apex Business Park in North Las Vegas, Nevada.

In addition, Marapharm acquired a 100% ownership interest in EcoNevada, LLC, a company that owned four medical and recreational cannabis licenses, two for cultivation and two for processing, bringing the total square footage of all pending licenses to approximately 300,000 sq. ft., including a 16,000-sq. ft. processing license.

In June 2017, the Company exercised an option to acquire 100% of the equity interest of PhenoFarm NV LLC ("PhenoFarm") who owns a Nevada medical and recreational cannabis cultivation license. Pursuant to the terms of an amended option agreement, the Company agreed to acquire 85% equity interest of PhenoFarm for US$0.25 million in cash and the remaining 15% equity interest for 100,000 common shares of the Company. In July 2017 the Company paid the remaining purchase price and issued the shares.

Furthermore, the Company applied for and has two distribution licenses pending for the transportation of cannabis.

The Company has merged all six licenses onto its 7-acre parcel in the Apex Business Park, in Las Vegas, to operate as a "campus". The special use permits, allowing all three licenses to operate from that property, have been approved by the City of North Las Vegas. Marapharm has commenced the project, with two 5,000-square-foot starter buildings. The purpose of the smaller buildings will be to house the existing licenses, to supply product to the market in the interim, and to allow for training of staff. The two 5,000-square-foot buildings are awaiting Occupancy Permits from the City of North Las Vegas. Cultivation of specific strains has already begun in two temporary buildings onsite. The plants are ready to transfer into the two 5,000 square foot buildings upon receiving the Occupancy Permits allowing the Company to maintain its production schedule. Construction will continue with the ordering of a 65,000-square-foot, three story building. The Company will continue construction of the remaining "campus" in a phased development. The total budgeted costs for the full development are currently estimated to be approximately $60 million.

California

California has a long history of using medical cannabis, being the first state to legalize its medical use. California also recently passed a bill to legalize the sale of recreational cannabis on January 1, 2018 and has the potential of becoming the largest markets for cannabis sales in the United States. The Company has purchased properties, with the appropriate permits, to allow the Company to take full advantage of this potential. The purchases/agreements are as follows:

- On May 31, 2017, the Company purchased 1.22 acres of property located in Desert Hot Springs, California. The transaction was completed for a total consideration of US$1.13 million inclusive of closing costs.

- On August 31, 2017 the Company purchased 1.25 acres of property located in Desert Hot Springs, California for US$0.52 million.

- On February 13, 2018.the Company purchased 420 Express Delivery dba Green Leaf Wellness, a dispensary located in Desert Hot Springs, California for US$1.6 million.

All properties are zoned for cannabis and hold cultivation/processing permits, the dispensary holds a temporary State of California adult use and medical licence.

Maragold Products

The Company is continuing the research and development of its Maragold health and wellness products, all-natural products made of raw essential oils and natural ingredients blended with Hemp Oil. Hemp Oil has been used as healing ingredient for centuries but faced an almost world-wide ban for a large part of the 20th century and into the early part of the 21st century. In recent years the ban has been lifted and this broad-spectrum plant is now being made available for its many therapeutic uses. The Company plans to offer the hemp infused health and wellness products through an online webstore which is in the process of development as well as other distribution avenues.

Marapharm TV

The Company entered into a media agreement which launched Marapharm.tv to broadcast programs on the cannabis industry; in addition, current cannabis news is posted regularly. We believe that by utilizing online media we can better inform the public about our industry, its benefits and its challenges.

Canadian Operations

Through its wholly owned subsidiary Marapharm Inc., the Company has applied to Health Canada to become a licensed cannabis producer. Marapharm's building plans associated with the application include a 22,000 square-foot cultivation facility, planned for construction on an 11-acre leased site in Kelowna, British Columbia. To expedite its path to production, the Company has entered into a LOI with Full Spectrum Medicinal (FSM) to consider a joint venture to merge its late stage application with buildings and properties owned by FSM.

Outlook

Marapharm believes the outlook for the Company and cannabis industry is very positive as the Canadian market for legalized medical and recreational cannabis has been projected to exceed $12.7 billion. The market for medicinal use in Canada was estimated at $144 million in 2014 and expected to grow by 23% per year to $1.3 billion by 2024. In the United States, New Frontier Data reported that the legal cannabis market was worth an estimated $7.2 billion in 2016 and is projected to grow at a compound annual rate of 17%. Medical cannabis sales are projected to grow from $4.7 billion in 2016 to $13.3 billion in 2020. Adult recreational sales are estimated to jump from $2.6 billion in 2016 to $11.2 billion by 2020.

The Company is considering retail opportunities to complement its cultivation and processing abilities. This will allow the control of the quality, marketing and messaging behind our products.

Our recent results and above-mentioned developments support our optimistic view of our future, however, neither the timing nor the degree of likelihood of success of any of our proposals, initiatives or commercialization efforts can be stated with any degree of certainty.

Selected Quarterly Financial Information

Operational and Administrative Costs

The majority of costs incurred by the Company are being applied to earnings in the current period as incurred.

For the Quarter Ended June 30	2018	2017	2016
Revenues	358,499	114,989	66,363
Expenses	2,925,810	1,573,743	464,520
Income (Loss) Before Other Items	(2,567,311)	(1,458,754)	(398,157)
Interest & Accretion on Bond	55,298	54,216	-
Finance Fees & Other	548	-	6,864
Foreign Exchange (Loss)/Gain	44,424	-	-
Share in Gain of Equity Investment	(39,160)	165,566	-
Stock Based Compensation	1,425,910	1,022,711	-
Gain on Sale of Shares in Associate Company	(34,420)		
Interest Income	(3,487)	(3,183)	-
Net Income/(Loss)	(4,016,424)	(2,698,064)	(405,021)
Basic & Diluted Earnings/(Loss) Per Share	(0.03)	(0.04)	(0.01)
Total Assets	33,816,386	13,103,578	1,413,793
Total Long-Term Liabilities	1,385,436	1,208,857	373,417

Segment Information

During the three months ended June 30, 2018 and 2017, the Company had one reportable operating segment relating to medical cannabis and distribution of hemp-based products. Geographical information is as follows:

Three Months Ended June 30, 2018	$	$	$
Revenues	-	358,499	358,499
Expenses			
Amortization of Intangible Assets	162	24,156	24,318
Depreciation of Property and Equipment	2,488	23,938	26,426
Share of (Income) Loss in Equity Investment	(39,160)	-	(39,160)
Other Expenses	3,732,601	630,739	4,363,340
Net Income (Loss)	(3,696,091)	(320,333)	(4,016,424)
Current Assets	8,130,546	3,984,881	12,115,427
Property, Plant and Equipment	20,688	14,662,814	14,683,502
Intangible Assets	2,624	6,338,583	6,341,207
Goodwill/Bargain Purchase Price	-	426,250	426,250
Investment in Associate	250,000	-	250,000
Segment Assets	8,403,858	25,412,528	33,816,386
Segment Liabilities	2,812,387	1,101,859	3,914,246

	Canada	USA	Total
Three Months Ended June 30, 2017	$	$	$
Revenues	1,312	113,677	114,989
Expenses			
Amortization of Intangible Assets	-	30,067	30,067
Depreciation of Property and Equipment	3,617	45,836	49,453
Share of (Income) Loss in Equity Investment	165,566	-	165,566
Other Expenses	2,353,368	214,629	2,567,997
Net Income (Loss)	(2,521,239)	(176,855)	(2,698,094)
Current Assets	2,719,905	2,381,357	5,101,262
Loan Receivable	-	240,678	240,678
Due (to)/from Related Party	306,848	-	306,848
Property, Plant and Equipment	1,583,150	2,968,196	4,551,346
Intangible Assets	1	1,830,877	1,830,878
Investment in Associate	1,072,566	-	1,072,566
Segment Assets	5,682,470	7,421,108	13,103,578
Segment Liabilities	1,426,374	335,768	1,762,142

Discussion of Operations

Comparison for the Three Months Ended June 30, 2018 and June 30, 2017:

- The increase in gross revenues of $0.24 million is due from the California Green Leaf Wellness Dispensary revenue. This is offset by the discontinuance of Loan interest, Rental revenue and Consulting fee revenue booked to Alphapheno in the previous year. The discontinuance of booking this revenue is due to the delay in completing tenant improvements required to commence operations.

- Operating expenses increased by $1.35 million when compared to June 2017. The increase is mainly due to Shareholder and Investor relations expenditures, Marketing campaigns and Consulting fees as the Company continues to bring awareness to investors. As many of the consulting agreements in place for 2016 have now terminated, the current quarter end Consulting costs are much lower when compared to March 31, 2017. Office expenses are also higher compared to 2017 mainly due to increased Las Vegas Permit and Licensing Fees and Green Leaf Dispensary expenses. The Company had a loss before other items of $2.57 million compared to a loss of $1.46 million in the prior year for the same quarter.

- The net loss for the quarter end is $1.14 million higher than in 2017. In Q1 of 2019 the Company paid stock-based compensation, through their new Restricted Share Unit (RSU) Plan, of $1.43 million compared to $1.02 million the prior year. Offsetting this is a decrease in the Share of Loss in Equity investment by $0.20 million.

Summary of Quarterly Financial Results

The following table provides a summary of the Company's eight quarterly results ending on June 30, 2018:

	Quarter ended Sept.30, 2016	Quarter ended Dec.31, 2016	Quarter ended Mar.31, 2017	Quarter ended June 30, 2017
Revenue	99,833	102,058	95,975	114,989
Net Comprehensive Income (Loss)	(1,754,209)	(2,901,196)	(4,552,506)	(2,864,088)
Basic and Diluted Net Income/(Loss) per Share	(0.04)	(0.05)	(0.08)	(0.04)

	Quarter ended Sept.30, 2017	Quarter ended Dec.31, 2017	Quarter ended Mar.31, 2018	Quarter ended June 30, 2018
Revenue	111,328	302,990	(183,541)	358,499
Net Comprehensive Income (Loss)	(2,167,428)	(2,751,959)	(13,049,005)	(4,003,706)
Basic and Diluted Net Income/(Loss) per Share	(0.02)	(0.03)	(0.14)	(0.03)

a) Revenue - Rental and Consulting income from the Washington State operations began in June 2016. The decrease in revenue for the quarter ending March 31, 2018 is due to the write-off of 2018 revenue recorded in Q1-Q3 due to the delay in Washington operations. Offsetting this is the gain on the sale of 400,000 Veritas shares and Inventory sales at Green Leaf Wellness Dispensary.
b) Net Income (Loss) - During the March 31, 2018 quarter end the Company had increased expenditures in the areas of stock promotion and investor relations, consulting (including finders' fees) fees and stock-based compensation.Net Income (Loss) – The Employer Restricted Stock Unit Plan is the largest contributor to the current quarter loss. The write-down of Assets is the second largest contributor to overall expenses in the March 31, 2018.
c) The increase in revenue for the June 30, 2018 quarter ended is mainly due California's Green Leaf wellness dispensary revenue.

Liquidity and Capital Resources

As of the three months ended June 30, 2018, the Company had net working capital of $9.59 million compared to $4.55 as at June 30, 2017 and cash of $0.48 million ($2.13 million – 2017). The Company is dependent upon ongoing positive operations and debt/equity funding to support operating expenditures for the following year.

The Company had a net decrease in cash position for the three months ended June 30, 2018 of $0.34 million due to ongoing operational costs.

Below are discussions related to the Company's Capital Resource activities:

a) Authorized Share Capital

The Company is authorized to issue an unlimited number of common shares without par value.

b) Issued and Outstanding Common Shares

As at June 30, 2018, the Company had 136,187,202 common shares issued and outstanding as presented in the consolidated statements of changes in shareholders' equity.

i) Shares Issued for Cash for the Year Ended March 31, 2018

On January 31, 2018, the Company issued 3,443,900 units at $0.86 per unit for total gross proceeds of $2,961,754. Each unit consisted of one common share and one share purchase warrant exercisable at $1.25 until January 31, 2019. The Company issued 344,390 finders' warrants with a fair value of $66,786 for finders' fees.

On March 16, 2018, the Company issued 1,548,760 units at $0.865 per unit for total gross proceeds of $1,339,680. Each unit consisted of one common share and one share purchase warrant exercisable at $0.87 until March 16, 2019. The Company issued 97,528 finder's warrants with a fair value of $15,978 for finders' fees.

Finders' fees, commissions and legal fees related to the above two private placements totalled $631,374.

On March 28, 2018, the Company issued 1,734,104 units at $0.865 per unit for total proceeds of $1,500,000. Each unit consisted of one common share and one share purchase warrant exercisable at $0.87 until March 31, 2019. Proceeds of the issuance was received subsequent to year-end, therefore, this amount remains in subscriptions receivable as at June 30, 2018. This issuance was part of a larger placement completed subsequent to year-end (Note 14 b) i)).

i) Shares Issued for Cash for the Quarter Ended June 30, 2018

On April 2, 2018 and in conjunction with the shares issued on March 28, 2018 (Note 14 b) i)), the Company issued an additional 246,805 units at $0.865 per unit, for aggregate units issued of 1,980,909. The Company received total proceeds of $1,713,486, of which $1,500,000 was recorded as Share Subscription receivable at March 31, 2018. Each unit consisted of one common share and one share purchase warrant exercisable at $0.87 until April 2, 2019. The Company issued 3,000 finder's warrants with a fair value of $317, paid cash finders fees of $13,800 and issued 75,876 common shares with a fair value of $65,632. The common share purchase warrants have a residual value of $386,277.

On May 18, 2018, the Company closed a non-brokered private placement of 7,500,003 units at $0.60 for gross proceeds of $4,500,000. Each unit consists of one common share and one-half of one common share purchase warrant. Each warrant entitles the holder to purchase one common share at $0.70 per common share for 12 months from the date of the warrant issuance. The common share purchase warrants have a residual value of $449,998.

On June 11, 2018, the Company closed a non-brokered private placement of 9,350,000 units at $0.50 for gross proceeds of $4,675,000. Each unit consists of one common share and one-half of one common share purchase warrant. Each warrant entitles the holder to purchase one common share at $0.70 per common share for 12 months from the date of the warrant issuance. The common share purchase warrants have a residual value of $748,000.

b) Issued and Outstanding Common Shares (Continued)

iii) Shares Issued for Assets

During the year ended March 31, 2018, the Company issued a total of 100,000 common shares with a fair value of $135,000 (US$104,315) for the acquisition of EcoNevada (Note 10(b)).

During the quarter ended June 30, 2018, the Company issued a total of 4,000,000 common shares with a fair value of $2,840,000 for the acquisition of Tonasket Assets (Note 9(c)).

iv) Shares Issued for Services

During the year ended March 31, 2018, the Company issued 824,122 common shares with a fair value of $853,370 to arm's length parties for consulting services.

During the quarter ended June 30, 2018, the Company issued 1,228,696 common shares with a fair value of $784,513 to arm's length parties for Shareholder relations and investment and consulting services.

v) Shares Issued for Debt

During the year ended March 31, 2018, the Company issued 700,000 common shares with a fair value of $546,000 to settle an outstanding amount of $260,629. The Company recorded a corresponding loss on settlement of debt of $285,371.

vi) Shares Issued on Exercise of Warrants

During the year ended March 31, 2018, the Company issued a total of 12,801,250 common shares upon the exercise of warrants for total gross proceeds of $5,120,500 and 1,031,750 common shares upon the exercise of finders' warrants for total gross proceeds of $412,700.

vii) Shares Issued on Exercise of Stock Options

During the year ended March 31, 2018, the Company issued a total of 1,740,000 common shares upon the exercise of options for total gross proceeds of $1,210,000.

During the quarter ended June 30, 2018, the Company issued a total of 1,900,000 common shares upon the exercise of options for total gross proceeds of $770,594. As at June 30, 2018, $274,000 was receivable and recorded in share subscription receivable. Subsequent to June 30, 2018, the Company received the funds.

viii) Shares issued for Bond Bonus

During the year ended March 31, 2018, the Company issued a total of 46,800 common shares with a fair value of $47,947 for the 3% bonus interest (US$300 per bond) for each bond issued during fiscal 2017 (Note 13).

ix) Shares issued Under Restricted Share Unit ("RSU") Plan

During the year ended March 31, 2018, the board of directors approved the adoption of a new Restricted Share Unit Plan ("RSU Plan"), which was approved by the shareholders. The RSU Plan allows the eligible person to acquire restricted share units of the Company and is designed to provide the Company with an additional tool to compensate certain directors, officers, consultants and other key employees of the Company. The maximum number of RSU units that the Company may grant is 9,363,493 units.

During the year ended March 31, 2018, the Company issued a total of 9,225,000 common shares with a fair value of $8,254,000 to employees, consultants and directors of the Company, pursuant to the RSU plan.

b) Issued and Outstanding Common Shares (Continued)

x) Shares issued to be returned to treasury

During the quarter ended June 30, 2018, the Company issued 211,561 common shares that are to be returned to treasury. The fair value of these shares is $154,000 and are recorded in share subscription receivable. Subsequent to June 30, 2018, the Company returned 11,561 common shares to treasury.

c) Share Purchase Warrants

The continuity of warrants for the year ended June 30, 2018 is as follows:

Expiry Date	Exercise Price	March 31, 2018	Issued	Exercised	Expired/ Cancelled	June 30, 2018
January 31, 2019	$1.25	3,443,900	—	—	—	3,443,900
March 16, 2019	$0.87	1,613,075	—	—	—	1,613,075
January 31, 2021(1)	$2.90	43,749,053	—	—	—	43,749,053
April 2, 2019	$0.87	—	1,980,909	—	—	1,980,909
May 21,2019	$0.70	—	3,750,000	—	—	3,750,000
June 11, 2019	$0.70	—	2,337,500	—	—	2,337,500
		48,806,028	8,068,409	—	—	56,874,437

(1) During the year ended March 31, 2018, the Company issued common share purchase warrants in four tranches at $0.10 for proceeds of $4,344,905. As well, the Company issued 300,000 common purchase warrants valued at $30,000 in exchange for consulting services.

The continuity of warrants for the year ended June 30, 2017 is as follows:

Expiry Date	Exercise Price	March 31, 2017	Issued	Exercised	Expired/ Cancelled	June 30, 2017
April 14, 2017	$0.40	1,150,000	-	1,150,000	-	-
June 16, 2017	$0.40	2,392,500	-	2,367,500	25,000	-
September 6, 2017	$0.40	9,363,750	-	1,062,500	-	8,301,250
		12,906,250	-	4,580,000	25,000	8,301,250

d) Finders' Warrants

The continuity of finders' warrants for the year ended June 30, 2018 is as follows:

Expiry Date	Exercise Price	March 31, 2018	Issued	Exercised	Expired/ Cancelled	June 30, 2018
March 31, 2019	$0.86	344,390	—	—	—	344,390
May 19, 2019	$0.87	97,528	—	—	—	97,528
June 2, 2019	$0.87	—	3,000	—	—	3,000
		441,918	3,000	—	—	444,918

d) Finders' Warrants (Continued)

The continuity of finders' warrants for the quarter ended June 30, 2017 is as follows:

Expiry Date	Exercise Price	March 31, 2017	Issued	Exercised	Expired/ Cancelled	June 30, 2017
April 14, 2017	$0.40	367,500	-	355,000	12,500	-
June 17, 2017	$0.40	221,000	-	206,000	15,000	-
September 16, 2017	$0.40	470,750	-	-	-	-
		1,034,250	-	561,000	27,500	445,750

e) Stock Options

Under the Company's stock option plan, the maximum number of shares that may be reserved for issuance is limited to 10% of the issued and outstanding common shares of the Company at the time of grant. Under the plan, the exercise price of an option may not be less than the closing market price of the Company's shares prevailing on the day that the option is granted. The options may have a maximum term of 5 years and be vested at the discretion of the board of directors.

As at June 30, 2018, 2,030,000 options, with an average exercise price of $0.76 per share and an average remaining life of 0.95 years, have been vested.

Expiry Date	Exercise Price	March 31, 2018	Granted	Exercised	Expired/ Cancelled	June 30, 2018
September 9, 2018	$0.40	550,000	—	400,000	50,000	100,000
November 8, 2018	$0.93	430,000	—	—	100,000	330,000
November 8, 2018	$1.00	200,000	—	—	200,000	—
June 28, 2019	$1.02	3,250,000	—	—	3,050,000	200,000
January 2, 2019	$1.03	2,200,000	—	—	2,200,000	—
January 23, 2019	$0.90	400,000	—	—	400,000	—
March 6, 2019	$0.80	400,000	—	—	—	400,000
March 8, 2019	$0.71	300,000	—	200,000	—	100,000
March 4, 2020	$0.71	1,400,000	—	—	800,000	600,000
April 6, 2020	$0.71	—	1,800,000		1,800,000	—
April 8, 2019	$0.69	—	900,000	144,928	755,072	—
May 1, 2019	$0.61	—	455,072	155,072	—	300,000
May 17, 2019	$0.60	—	3,578,422	—	3,578,422	—
June 21, 2019	$0.30	—	350,000	350,000	—	—
June 28, 2019	$0.26	—	650,000	650,000	—	—
		9,130,000	7,733,494	1,900,000	12,933,494	2,030,000

e) Stock Options (Continued)

As at June 30, 2017, 6,875,000 options, with an average exercise price of $1.17 per share and an average remaining life of 0.36 years, have been vested.

Expiry Date	Exercise Price	March 31, 2017	Granted	Exercised	Expired/ Cancelled	June 30, 2017
May 8, 2017	$0.50	600,000	-	600,000	-	-
September 6, 2017	$1.49	300,000	-	-	-	300,000
September 6, 2017	$2.50	800,000	-	-	-	800,000
September 24, 2017	$0.50	315,000	-	40,000	-	275,000
November 8, 2017	$0.93	220,000	-	-	-	220,000
September 9, 2018	$0.40	650,000	-	-	-	650,000
November 8, 2018	$0.93	430,000	-	-	-	430,000
November 8, 2018	$1.00	250,000	-	50,000	-	200,000
March 6, 2018	$1.49	700,000	-	-	-	700,000
June 28, 2019	$1.02	-	3,300,000	-	-	3,300,000
		4,265,000	3,300,000	690,000	-	6,875,000

f) Stock-Based Compensation

During the three months ended June 30, 2018, the Company recognized stock-based compensation expense of $1,202,397 (2017 – $1,022,711) for 7,733,494 stock options (2017 – 3,300,000) that were granted and vested in the period. These options have a weighted average fair value of $0.16 per option (2017 – $0.31) as determined on the date of grant.

The fair values of stock options and finders' warrants granted have been estimated using the Black Scholes option pricing model with the following assumptions made during the year ended June 30, 2018 and March 31, 2017.

	June 30 2018	March 31 2018
Risk-Free Annual Interest Rate	1.90%	0.53%
Expected Stock Price Volatility	83%	110%
Expected Life of Options and Warrants	0.62 years	0.5 years
Expected Annual Dividend Yield	0%	0%

Option pricing models require the input of highly subjective assumptions. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models may not necessarily provide a single reliable measure of the fair value of the Company's stock options, finders' warrants, and finders' unit warrants.

Capital Disclosure

The Company considers its capital structure to include net residual equity of all assets, less liabilities. Capital is comprised of the Company's shareholders' equity and any debt that it may issue. As at June 30, 2018, the Company's shareholders' equity is $29.90 million (March 31, 2018 - $22.42 million) and it had current liabilities of $2.53 million (March 31, 2018 - $2.30 million). Management's objective is to manage its capital to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern through the optimization of its capital structure. The capital structure consists of share capital and working capital.

To achieve this objective, management adjusts its capital resources to respond to changes in economic conditions and risk characteristics of the underlying assets. To maintain or adjust capital structure, management has invested its excess cash in interest bearing accounts of Canadian chartered banks and/or raise additional funds externally as needed.

The capital resources used for operations was mainly from proceeds of the issuance of common shares and warrants exercised into common shares.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements other than reported in the accompanying notes to the financial statements as at June 30, 2018 or as of the date of this report.

Related Party Transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed. Details of transactions between the Company and other related parties, in addition to those transactions disclosed elsewhere in these consolidated financial statements, are described as follows.

a) Related Party Balances

As at June 30, 2018 and March 31, 2018, the Company has the following amounts due from (to) related parties that are non-interest bearing, unsecured, and have no specified terms of repayment.

	June 30, 2018 $	March 31, 2018 $
Trade and Other Payables		
Directors' Fees	-	9,000

b) Compensation of Key Management Personnel

The compensation paid or payable to Directors and Officers of the Company include consulting, management, and directors' fees for administrative and management services, 1,700,000 stock options (2017 – 3,300,000) granted to these related parties.

	June 30, 2018	June 30, 2017
Consulting Fees	-	58,654
Directors' Fees	-	1,500
Management Fees	114,122	30,000
Stock-Based Compensation	387,433	929,737
	501,555	1,019,891

c) Compensations and Transactions with a Shareholder and Key Management Personnel

	June 30, 2018 $	June 30, 2017 $
Consulting Services (i)	-	30,000
Commission Fees (i)	-	475,479
Software Program Development and Marketing Services (ii)	-	398,970
Office Rent (iii)	-	12,000
	-	916,449

i) Consulting Services

On January 30, 2014, the Company entered into a consulting agreement with a company controlled by a shareholder for consulting services. During the year ended June 30, 2018, the Company paid consulting fees totalling $906,848 (2017 – $270,000) and commission fees totalling $475,479 (2017 – $Nil).

ii) Software Program Development and Marketing Services

On April 14, 2017, the Company entered into a delivery service agreement with a company controlled by the shareholder for design and development of a software program, website, databases and marketing programs for a marijuana delivery business. A deposit of $398,970 (US$300,000) was paid on March 30, 2017 and recorded in prepaid expense (Note 7). The Company wrote-off the deposit in 2018 as it was unlikely that the Company will pursue the marijuana delivery business.

iii) Property Lease Arrangement

On July 15, 2014, the company entered into a lease agreement with a company controlled by the shareholder to lease up to a maximum of 11.2 acres in the Kelowna, B.C. area for a term of ten years with an option to renew for another ten years. Annual base rent is $15,000 per acre used by the Company plus a percentage rent equal to 6% of the Company's gross revenue from business conducted at the leased premises. The property is secured as the location of the Company's future production facility once the medical marijuana application is approved by Health Canada. No rent was charged to the Company pursuant to this lease arrangement in the year ended June 30, 2018 and 2017.

All related party transactions were in the ordinary course of business and were measured at their exchange amount as agreed to by the related parties.

Critical Accounting Estimates

During the period ended June 30, 2018, the Company had some accounting estimates. For detailed descriptions of significant accounting policies, readers are directed to the financial statements for the years ended March 31, 2018 and 2017 available at www.sedar.com.

Changes in Accounting Policies

The following standards and interpretations have been issued but are not yet effective:

IFRS 9 – Financial Instruments

IFRS 9 will replace IAS 39 "Financial Instruments: Recognition and Measurement" and applies to the classification and measurement of financial assets. The mandatory effective date is January 1, 2018 with early adoption permitted. The Company currently does not intend to early adopt IFRS 9. The Company has not yet determined the impact of this standard on its consolidated financial statements.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 clarifies the principles for recognizing revenue from contracts with customers. IFRS 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively, and improve guidance for multiple-element arrangements. The standard is effective for annual periods beginning on or after January 1, 2018 and is to be applied retrospectively. The Company has not yet determined the impact of this standard on its consolidated financial statements.

IFRS 16 – Leases

IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. Lessor accounting remains largely unchanged from IAS 17 "Leases", and the distinction between operating and finance leases is retained. The standard is effective for annual period beginning on or after January 1, 2019. The Company has not yet determined the impact of this standard on its consolidated financial statements.

Financial Instruments and other Instruments

Under IFRS, a three-level hierarchy that reflects the significance of inputs used in making fair value adjustments is required. The three-levels of fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices that are observable for the asset and liability either directly or indirectly.

Level 3 – Inputs that are not based on observable market data.

The Company's financial instruments consist of cash and cash equivalents, trade payables and amounts due to related parties. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

Outstanding Shares

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

- 136,400,641 common shares
- 56,874,437 common share purchase warrants
- 441,918 finders' warrants
- 2,030,000 share options

Critical Risks and Uncertainties

Operating History

The Company does not have a record of achievement to be relied upon. The Company's operations are subject to all the risks inherent in the establishment of a new business enterprise, including a lack of operating history. The Company cannot be certain that its investment strategy or development of the Company's business will be successful. The likelihood of the Company's success must be considered considering the problems, expenses, difficulties, complications and delays frequently encountered in connection with the establishment of any business. If the Company fails to address any of those risks or difficulties adequately, business will likely suffer.

Competition

The earnings of the Company depend upon the Company's ability to further develop their facilities into efficient, effective growing, cultivating and harvesting operations. The growth strategy will be to branch out into other areas where there are opportunities to build facilities and acquire licenses. The legalization of cannabis continues to expand into more and more areas whereby the Company must be poised to take advantage of these emerging markets.

Management's Report on Internal Control over Financial Reporting

In connection with Exemption Orders issued in November 2007 by each of the securities commissions across Canada, the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the financial statements and the audited financial statements and respective accompanying MD&A.

In contrast to the certificate under National Instrument ("NI") 52-109 (Certification of Disclosure in Issuer's Annual and Filings), the Venture Issuer Basic Certification includes a 'Note to Reader' stating that the CEO and CFO do not make any representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financing reporting, as defined in MI 52-109.

Additional Information

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