NEXT GREEN WAVE HOLDINGS INC. (FORMERLY CROSSGATE CAPITAL CORPORATION)

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2018

Business of the Company

Next Green Wave Holdings Inc. ("the Company"), formerly Crossgate Capital Corporation, is Canadian based, North American seed to sale cannabis company which will provide products and services to the cannabis industry in California, United States through its wholly-owned subsidiary, Next Green Wave, LLC ("NGW").

This management discussion and analysis ("MD&A") of the financial condition and results of operations of the Company is for the year ended December 31, 2018.

This Management's Discussion and Analysis ("MD&A") is dated April 26, 2019 unless otherwise indicated and should be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 31, 2018 and the related notes. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. Results are reported in US dollars, unless otherwise noted. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results presented for the year ended December 31, 2018, are not necessarily indicative of the results that may be expected for any future period. The financial statements are prepared in compliance with International Financial Reporting Standards.

Presentation currency

Effective January 1, 2018, the Company changed the presentation currency to U.S. dollars given the increasing prevalence of U.S. dollar-denominated activities of the Company over time. The exchange rates used to translate the Statements of Financial Position to reflect the change in presentation currency as at December 31, 2017 was $0.77 while the average exchange rate used to translate the Consolidated Statements of Operations and Comprehensive Loss for the year ended December 31, 2017 was $0.77. There were no changes to the measurement basis of the financial statement line items as a result of the change in presentation currency.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) if it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations can be obtained from the offices of the Company or from www.sedar.com.

Forward-Looking Statements

This MD&A includes certain forward-looking statements that are based upon current expectations, which involve risks and uncertainties associated with our business and the environment in which the business operates. Any statements contained herein that are not statement of historical facts may be deemed to be forward-looking statements, including those identified by the expressions "anticipate", "believe", "plan", "estimate", "expect", "intend", and similar expressions to the extent they relate to the Company or its management. The forward-looking statements are not historical facts but reflect management's current expectations regarding future results or events. These forward-looking statements are subject to a several risks and uncertainties that could cause actual results or events to differ materially from current expectation, including, but not limited to risks, and uncertainties related to:

- the performance of the Company's business and operations;
- the intention to organically grow the business and operations of the Company;
- expected growth in the demand for medical and recreational cannabis in jurisdiction where use of cannabis has been legalized within the United States;
- future liquidity and financial capacity;
- the availability of financing opportunities, risks associated with economic conditions, dependence on management and conflict of interest;
- changes in federal and state regulatory, banking and tax regimes impacting the cannabis industry; and
- other risks described in the MD&A and described from time to time in documents filed by the Company with Canadian securities regulatory authorities.

With respect to the forward-looking statements contained herein. Although the Company believes that the expectations and assumption on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements, because no assurance can be given that they will prove to be correct. Consequently, all forward-forwarding statements made in this MD&A and other documents of the Company are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will be realized or, even if realized, that they will have the expected consequences to or effects on the Company. The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that the Company and/or persons acting on the Company's behalf may issue. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required under securities legislation.

Company Overview

The Company was incorporated in the province of British Columbia on July 6, 2011. Its registered and records office is located at 1500 Royal Centre - 1055 West Georgia Street, Vancouver, B.C. V6E 4N7.

On October 10, 2018, the Company completed its Initial Public Offering ("IPO") and the Company's common shares are listed on the Canadian Securities Exchange ("CSE") under the trading symbol "NGW".

The Company is a Canadian-based, North American seed to sale cannabis company which will provide products and services to the cannabis industry in the State of California, USA. The Company, through its wholly-owned subsidiary, Next Green Wave, LLC ("NGW"), is licensed by the State of California to produce, distribute and sell products throughout the State.

The Company is currently constructing a 35,000 square foot facility on one of its four properties zoned for cannabis production in City of Coalinga, CA ("Facility A"). This facility will enable the Company to cultivate medicinal and recreational cannabis, manufacture and distribute cannabis products starting in April 2019 in accordance with the requirements under the Medical and Adult Use Regulation and Safety Act (MAUCRSA).

Key Developments

- Received $16,815,460 in gross proceeds from private placements;
- The Company purchased NGW, via the issuance of 25,000,000 common shares to the shareholders 10,000,000 escrowed, performance shares. NGW assets include two parcels of land (the "Properties") in the cannabis industrial zone of Coalinga, CA, and has acquired four Conditional Use Permits ("CUPS") for 1) Type 3A cultivation, 2) Type 4 nursery, 3) transportation and distribution licenses and 4) extraction for each medical and recreational cannabis operations.
- Appointment of Michael Jennings, Leigh Hughes, Paul Chow, and David Wilson to the management and executive team. The management team has extensive experience in the cannabis industry, public companies, marketing and communications, financial services, and merger and acquisitions for over 20 years.

On April 16, 2018, the Company acquired a 7.88-acre parcel of land adjacent to Facilities A and B for approximately $1.4 million. The plan for this location is to build a 250,000 square foot greenhouse. For a more detailed description of the Facilities, see the Outlook section of this MD&A.

On October 10, 2018, the Company was listed on the Canadian Securities Exchange under the symbol NGW.

On October 29, 2018, the Company hosted a Job Fair in the City of Coalinga, California ("Coalinga") that generated a turnout of approximately 180 people. The Job Fair was executed in partnership with the City of Coalinga Mayor, Police Chief and City Manager and will generate a significant portion of the staff expected to operate the Company's 35,000 square foot facility. See the Company Overview for additional detail on the facility.

On December 21, 2018, the Company was listed on the OTCQB under the symbol NXGWF.

On January 4, 2019, the Company obtained all necessary state and local licenses in relation to Facility A, including cultivation, nursery, manufacturing and distribution.

On January 8, 2019, the Company's Chief Operations Officer, Michael Jennings, assigned 100% of his interests and benefits to a cannabis genetics inventory, including 112 cultivars, to the Company for nominal consideration.

On January 15, 2019, the Company entered into a strategic licensing agreement to utilize Intrexon's Botticelli™ next generation plant propagation platform to enable rapid production of Next Green Wave's proprietary cannabis cultivars for the California market. The collaborative work conducted at Next Green Wave's facilities will also accelerate its vision of becoming a world class nursery. As a result, the Company appointed Mr. Leigh Hughes as the Chief Executive Officer in addition to his position as Executive Chairman. Mr. Michael Jennings will transition into the role of Chief Operating Officer and Head of Research and Innovation.

On February 7, 2019, the Company became eligible for electronic clearing and settlement through the Depository Trust Company ("DTC") in the United States. This electronic method of clearing securities speeds up the receipt of stock and cash, and thus accelerates the settlement process for investors and brokers, enabling the stock to be traded over a much wider selection of brokerage firms by coming into compliance with their requirements. Being DTC eligible is expected to greatly simplify the process of trading and transferring the Company's common shares on the OTCQB.

On March 12, 2019, the Company announced that it has acquired 100% of California-based SDC Ventures, LLC ("SDC") (the "Transaction"). SDC is a premium cannabis consumer products goods, manufacturing and extraction leader, having 8 leading cannabis brands with 45 CBD and THC products that have a combined global social influencer reach of over 25 million people and with 100+ million YouTube views.

The total value of the Transaction is $20.6 million in cash, shares and performance shares to be earned over the next three years and will be payable as follows:

- $600,000 on closing of the Transaction, to be satisfied by either, at the sole discretion of the SDC Securityholders, (i) cash to be fully paid within the sixty (60) days of CSE approval of the Transaction; or (ii) Next Green Wave Shares each at a deemed price of the volume weighted average price of the Company's shares as traded on the Canadian Securities Exchange for the 20 day period (the "20 Day VWAP") prior to the Closing Date; and

- $4,000,000 on completion of the transfer of all rights and titles of the assets of SDC, to be satisfied by the issuance of Next Green Wave Shares each at a deemed price of the 20 Day VWAP prior to the date of completion.

In addition, to the above, if certain performance metrics are met, additional consideration will be paid as follows:

- $750,000 on execution of the reassignment of each of the eight (8) definitive partnership agreements to a maximum of $6,000,000 to be satisfied by the issuance of Company Shares each at a deemed price of the 20 Day VWAP on the date of execution of each such partnership agreement;

- $5,000,000 at the end of the period beginning one-hundred and twenty (120) days after Closing ("Year 1") on achieving net sales targets, to be satisfied by the issuance of Company Shares each at a deemed price of $1.00 per Next Green Wave Share; and

- $5,000,000 at the end of the twelve (12) month period immediately following Year 1 on achieving year 2 net sales targets, to be satisfied by the issuance of Company Shares each at a deemed price of $1.00 per Company Share.

Each of the above performance metrics allow for a pro-rata amount to be paid for partial completion of the metric. In the case of the performance metrics relating to net sales, in order for the 10,000,000 shares to be issued under the above SDC will be required to achieve $50,000,000 in net sales. This transaction is an arm's length transaction.

On March 15, 2019, the Company announced the signing of a definitive agreement (the "Investment Agreement") to take a strategic investment in Organic Medical Growth OMG3 INC. ("OMG"), a Canadian based company focused on producing and commercializing CBD products derived from medicinal and industrial cannabis in Colombia.

The Company now has access to the Colombian cannabis market which has an estimated potential to supply medicinal cannabis to 6 million patients. Through OMG's current distribution channel of 7,300 pharmacies, The Company has the opportunity to license its collection of brands and products into the Colombian market.

Under the terms of the Investment Agreement, the Company will participate as follows:

- Invest in 2,000,000 common shares of OMG at CAD$0.25 per share for a total amount of CAD$500,000 under a subscription agreement with OMG
- Receive an additional 4,300,600 common shares representing 10% of the share capital of OMG post it's first round of financing, in exchange for NGW's provision of collaborative and commercial strategic support services under a services agreement,
- Receive an option to purchase 2,395,000 shares of OMG CAD$0.50 per share, or such other number of shares equivalent to 5% of the share capital following its first round of financing

The Investment Agreement is based on the expectation that OMG will complete its Initial Public Offering (IPO) in 2019 and is also subject to the approval of the Canadian Securities Exchange.

As of the date of this MD&A, the Company had launched two CBD Products, Loki Naturals Tinctures and Loki Naturals Love Biscuits (the "CBD Pet Products"), through the Company's brand partner, Loki the Wolfdog. The CBD Pet Products are available for sale through Loki's website, www.lokinaturals.com.

The Company wishes to emphasize the importance of the going concern assumption which can be referenced in Note 1 of the December 31, 2018 audited consolidated financial statements and the Liquidity and Capital Resources section of this MD&A.

Results of Operations

		December 31, 2018		December 31, 2017
Expenses				
Bank charges	$	6,258	$	318
Director fees (Note 13)		31,811		-
Foreign exchange loss (gain)		(192,702)		649
General office		81,307		1,887
Insurance		96,888		-
Investor relations and communications		975,692		-
Legal and accounting fees		285,190		24,234
Consulting fees (Note 13)		366,434		-
Outside services		56,524		-
Regulatory and filing fees		33,607		-
Salaries and management fees (Note 13)		301,709		33,493
Stock-based compensation (Notes 9 and 13)		918,674		-
Travel, meals and entertainment		261,261		124
Total expenses		3,222,653		60,705
Net loss before undernoted item		(3,222,653)		(60,705)
Interest income		82,968		-
Net loss for the year		**(3,139,685)**		**(60,705)**
Other comprehensive income				
Cumulative translation loss		(124,441)		8,597
Total comprehensive loss for the year	**$**	**(3,264,126)**	**$**	**(52,108)**
Loss per common share, basic and diluted	$	(0.03)	$	(0.04)

Year ended December 31, 2018 and 2017

The total comprehensive loss for the year ended December 31, 2018 was $3,264,126 compared to a total comprehensive loss of $52,108 for the same period in 2017. The net loss was due primarily to:

- $301,709 in salary and management fees paid to the current management for services rendered in connection to its operations and business development activities;
- $31,811 in Director fees
- $81,307 in general office expense
- $261,261 in travel related costs relating mainly due to financings and investor relation activities during the year;

- $918,674 due to stock-based compensation;
- $598,896 of professional fees relating to compliance, consulting, accounting and legal fees;
- $975,692 of investor relation, marketing and communication costs
- $103,146 of costs relating to insurance and bank fees
- Cumulative translation loss of $124,441
- Interest income of $82,968; and
- The remaining net loss was due to $90,131 of general business expenses.

The net loss in 2017 is related to $24,234 of professional fees, $33,493 of management fees and $2,978 of general business expenses.

For the three-month period ended December 31, 2018 and 2017

The net loss for the three-month period ended December 31, 2018 was $1,798,661 compared to a net loss of $39,582 for the same period in 2017. The net loss was due primarily to:

- $105,403 in salary and management fees paid to the current management for services rendered in connection to its operations and business development activities;
- $6,640 in Director fees
- $106,062 in travel related costs relating mainly due to financings and investor relation activities during the year;
- $480,050 due to stock-based compensation;
- $374,545 of professional fees relating to compliance, consulting, accounting and legal fees;
- $726,835 of investor relation, marketing and communication costs
- $43,923 of costs relating to insurance and bank fees
- $185,703 related to foreign exchange gain
- Interest income of $13,584; and
- The remaining net loss was due to $30,069 of general business expenses.

The net loss in 2017 is related to $3,653 of professional fees, 33,493 of management fees and $2,436 of general business expenses.

Selected Quarterly Information

The following table sets out selected quarterly information for the last 8 completed fiscal quarters of the Company:

	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Revenue	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operating expenses	(1,613,769)	(1,054,458)	(377,266)	(177,160)	(39,587)	(21,118)	-	-
Net comprehensive loss	(1,798,661)	(911,060)	(377,226)	(177,179)	(39,587)	(21,118)	-	-
Basic and diluted loss per share	$ (0.01)	$ (0.01)	$ -	$ -	$ -	$ -	$ -	$ -
Total assets	15,131,195	18,091,114	14,665,912	9,430,318	301,235	-	-	-
Current Liabilities	292,092	135,788	181,701	53,276	30,537	-	-	-
Total Liabilities	292,092	135,788	181,701	53,276	30,537	-	-	-
Shareholders' equity	14,839,103	17,955,326	14,484,211	9,377,042	270,698	(21,118)	-	-
Dividends declared	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Factors that can or have caused fluctuations in the Company's quarterly results include the timing of stock option grants, when issued, and foreign exchange gains or losses related to the Company's holding of U.S. dollar denominated working capital items. Since the Company is in the development stage and does not generate any revenue, the Company believes that its losses and loss per share are not a primary concern to investors in the Company.

Liquidity and Capital Resources for the Year Ended December 31, 2018

The Company's objective when managing its liquidity and capital resources are to generate sufficient cash to fund the Company's development, operating and organic growth opportunities. The Company secured new equity investments during 2018 to finance the development of the business as well as facilitating ongoing operations.

As at December 31, 2018, the Company's cash position, including short-term investments, was $2,823,915 compared to $231,175 at December 31, 2017. Working capital at December 31, 2018 was $2,646,387 compared to $270,698 at December 31, 2017.

On April 18, 2019. the Company completed the construction, and obtained the Certificate of Occupancy, of Facility A, a 35,000 square foot in-door nursery and grow in the City of Coalinga, CA.

On April 25, 2019, the Company announced that it intends to conduct a non-brokered private placement of 6,000 unsecured convertible notes at the price of CDN$1,000 per convertible note totaling CDN$6,000,000.

During 2018 and up to the date of this MD&A, the Company completed the following equity transactions:

Common Shares

- The Company completed a private placement of 14,866,667 common shares at a subscription price of CDN$0.005 per share for gross proceeds of $60,296.

- The Company completed a private placement of 9,133,333 common shares at a subscription price of CDN$0.02 per share for gross proceeds of $148,172 and incurred $1,373 in share issuance costs.

- The Company completed a private placement of 8,882,880 common shares at a subscription price of CDN$0.10 per share for gross proceeds of $714,402 and incurred $6,393 in share issuance costs.

- The Company completed a private placement for a total of 40,190,382 units at a price of CDN$0.35 per unit for gross proceeds of $10,923,777. Each unit consisted of one common share and one half of one non-transferable share purchase warrant. Each warrant entitles the holder to purchase one common share at an exercise price of CDN$0.60 per share for 18 months after issuance. The Company issued 20,203,768 common share purchase warrants, and incurred $903,313 in share issuance costs, including $736,929 in finder's fees.

- The Company completed a private placement for a total of 11,019,171 units at a price of CDN$0.60 per unit for gross proceeds of $4,968,813. Each unit consisted of one common share and one half of one non-transferable share purchase warrant. Each warrant entitles the holder to purchase one common share at an exercise price of CDN$1.00 per share for 18 months after issuance. The Company issued 5,509,587 common share purchase warrants and incurred $459,097 in share issuance costs, including $348,032 in finder's fees.

- The Company, through its wholly-owned US subsidiary, Crossgate Capital US Holdings Corp. completed the acquisition of 100% of the issued and outstanding shares of NGW Holdings, LLC by issuing 25,000,000 common shares at a fait value of $917,949 and 10,000,000 escrow performance shares at a fair value of $357,833 to the NGW shareholders.

- The Company issued 144,250 shares at CDN$0.75 for management, investor relations and consulting services.

- The Company issued 223,880 shares at CDN$0.67 for investor relations and services.

- The Company issued 1,884,317 common shares at CDN$0.55 for contractor services related to the completion of construction on Facility A.

Stock Options

- On April 18, 2018, the Company granted 4,625,000 options to employees, directors and consultants with an exercise price of $0.35 per share which vest 25% at the end of every 6 months for a period of 24 months with a term of 5 years.

- On July 24, 2018, the Company granted 350,000 options to an employee at an exercise price of $0.60 per share which vest 25% at the end of every 6 months for a period of 24 months with a term of 5 years.

- On October 18, 2018, the Company granted:

    - 1,378,000 options to consultants and with an exercise price of CDN$0.75 per share which vest 25% at the end of every 3 months for a period of 12 months, with a term of three years.

    - 200,000 options to a consultant and with an exercise price of CDN$0.75 per share which vest 50% after 9 months and then 50% after 18 months, with a term of three years.

    - 250,000 options to employees with an exercise price of $0.75 per share which vest 25% at the end of every 6 months for a period of 24 months, with a term of five years.

- On February 5, 2019, the Company granted:

    - 500,000 options to consultants and with an exercise price of CDN$0.57 per share which vest 25% at the end of every 3 months for a period of 12 months, with a term of three years.

    - 2,450,000 options to employees, directors and consultants with an exercise price of CDN$0.57 per share which vest 25% at the end of every 6 months for a period of 24 months, with a term of five years.

On March 7, 2019, the Company granted 1,000,000 options to a consultant and with an exercise price of CDN$0.60 per share which vest 100% on the grant date, with a term of three years.

On March 29, 2019, 200,000 options were exercised at a price of CDN$0.60 for gross proceeds of CDN$120,000.

During the year ended December 31, 2018, 50,000 options were forfeited.

Warrants and Escrow Shares

- Between February 27, 2018 and August 26, 2018, the Company issued 20,203,768 warrants issued with a fair value of $1,527,604 pursuant to the CDN$0.35 Private Placement of Share Units. The warrants are subject to an acceleration provision at the option of the Company to accelerate the expiry of the warrants if the trading price of the shares is greater than $1.00 for a period of 10 consecutive trading days.

- On June 26, 2018, there were 5,509,587 warrants issued with a fair value of $918,661 pursuant to the $0.60 Private Placement of Share Units. The warrants are subject to an acceleration provision at the option of the Company to accelerate the expiry of the warrants if the trading price of the shares is greater than $1.40 for a period of 10 consecutive trading days.

During the year ended December 31, 2018:

- 2,464,147 finders' fee warrants issued were with a fair value of $285,215 pursuant to the CDN$0.35 and CDN$0.60 Private Placement of Share Units. The warrants with the $0.60 and $1.00 exercisable price are subject to an acceleration provision at the option of the Company to accelerate the expiry of the warrants if the trading price of the shares is greater than $1.00 and $1.40, respectively, for a period of 10 consecutive trading days.

- 256,441 warrants were exercised at a price of CDN$0.60 for gross cash proceeds of $117,414 (CDN$153,865)

- 108,571 warrants at a price of CDN$0.60 were forfeited.

- 256,441 warrants were exercised at a price of $0.60 per share for gross cash proceeds of $153,865.

During year ended December 31, 2018, the Company entered into an escrow agreement whereby 60,305,000 common shares will be held in escrow and are scheduled for release according to the following schedule:

Date	**Quantity**
On October 10, 2018, the date the Issuer's securities are listed on a Canadian exchange (the listing date)	1/10 of the escrow securities
6 months after the listing date	1/6 of the remaining escrow securities
12 months after the listing date	1/5 of the remaining escrow securities
18 months after the listing date	1/4 of the remaining escrow securities
24 months after the listing date	1/3 of the remaining escrow securities
30 months after the listing date	1/2 of the remaining escrow securities
36 months after the listing date	the remaining escrow securities

As at December 31, 2018, the Company had 53,274,500 shares held in escrow (December 31, 2017 – nil).

During the month of March 2019, 1,023,563 warrants were exercised at a price of CDN$0.60 for gross proceeds of CDN$614,138.

The Company currently does not have any source of revenue and expects to finance its operations through the issue of common shares until such time the Company completes the construction of facilities on the Properties and commences generating revenues from its operations. The Company's ability to reach profitability is dependent on the successful implementation of its business strategy. While management is confident in the success and profitability of the business, there can be no assurance that the Company will gain adequate acceptance for its products or be able to generate sufficient gross margins to reach profitability. The Company periodically evaluates opportunities to raise additional funds through either the public or private placement of equity capital to strengthen its financial position and to provide sufficient working capital for growth and development of its business.

Off-Balance Sheet Arrangements and Contractual Obligations

The Company does not have any off-balance sheet arrangements or contractual obligations.

Related Party Transactions

A summary of compensation for directors, officers and key management personnel is as follows:

	Years ended	
	December 31, 2018	**December 31, 2017**
Management Fee (1)	$ 110,000	$ -
Director and Consulting Fees (2)	194,498	19,392
Stock based compensation (3)	494,960	-
Total	$ 799,458	$ 19,392

1) The CEO's Management Fee is included in Management fees on the Consolidated Statements of Loss and Comprehensive Loss for each of the years.

2) Director and Consulting fees paid to the directors and officers of the Company to provide accounting, management consulting and director services. These fees are included on the Consolidated Statements of Loss and Comprehensive Loss for each of the years.

3) Amounts recognized for related party stock-based compensation are included in Share-based payments on the Consolidated Statements of Loss and Comprehensive Loss for each of the years.

As at December 31, 2018, $4,959 (2017 - $nil) is included in accounts payable owing to a director and officer for consulting and director fees.

Outlook

Construction of a 35,000 square foot indoor grow facility ("Facility A") was completed in April 2019 at a cost of approximately $9.1 million. The Company funded the construction with proceeds from private placements. As of the date of this MD&A, the Company has commenced revenue generating seed to sale activities from its licenses.

The Company plans to retrofit Facility C ("Facility C") to accommodate the Company's commercial extraction, infusion and distribution operations for cannabis oils, cannabis extracts, cannabinoid infused products , and facility research and development cannabis projects. Commercial operations for Facility C are expected to commence in Q3 2019.

The Company is evaluating plans to construct:

- a 50,000 square foot facility ("Facility B"), which is immediately adjacent to Facility A to accommodate the expansion of the nursery, flower manufacturing and distribution operations.

- a 250,000 square foot mixed light greenhouse on Lot D ("Facility D").

The Company owns all the land related to all its Facility A, B, C & D, and anticipates that it will require additional funding to fully finance the Facility B & D projects.

Legal Proceedings

The Company is not aware of any legal proceedings or claims where there is at least a reasonable possibility that a material loss may be incurred.

Critical Accounting Estimates

The preparation of the Financial Statements in conformity with IFRS requires management to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the consolidated financial statements relate to the inputs used in the Black Scholes pricing model to measure stock-based compensation, estimated useful lives and depreciation of property, plant and equipment, valuation of intangibles, and determination of functional currency within each entity.

Changes in Accounting Policies – Financial Instruments

The Company adopted all of the requirements of IFRS 9 Financial Instruments (“IFRS 9”) as of January 1, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking “expected loss” impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company’s accounting policy with respect to financial liabilities is unchanged. As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that continued to be recognized at the date of initial application. The change did not impact the carrying value of any financial assets or financial liabilities on the transition date.

The following is the Company’s new accounting policy for financial instruments under IFRS 9:

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The Company completed a detailed assessment of its financial assets and liabilities as at January 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial asset / liabilities	Original classification IAS 39	New classification IFRS 9
Cash / short-term investments	Amortized cost	Amortized cost
Other receivables	Amortized cost	Amortized cost
Account payable and accrued liabilities	Amortized cost	Amortized cost

The Company did not restate prior periods as it recognized the effects of retrospective application to shareholders' equity at the beginning of the 2018 annual reporting period, which also includes the date of initial application. The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor to the opening balance of accumulated comprehensive income on January 1, 2018.

(i) Measurement of financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of operations. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of operations in the period in which they arise.

(ii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statements of operations, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iii) Derecognition of financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of operations.

Outstanding Share Data

The Company's authorized share capital consists of an unlimited number of Common Shares without par value. As at the date of this MD&A:

Common Shares*	124,074,884
Incentive Stock Options	10,303,000
Warrants	26,788,927
Fully Diluted Shares	*161,166,811*

* 53,274,500 common shares are held in escrow as of the date of this MD&A

Risks and Uncertainties

Credit risk

The Company's exposure to credit risk is on its cash and short-term investments. Cash and short-term investments consist of cash bank balances held at a major Canadian financial institutions with a high credit quality and therefore the Company is exposed to minimal risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company manages liquidity by maintaining adequate cash balances to meet liabilities as they become due.

The Company maintained cash, including short-term investments, at December 31, 2018 in the amount of $2,823,915 (December 31, 2017 - $231,175) in order to meet short-term business requirements. At December 31, 2018, the Company had accounts payable and accrued liabilities of $292,092 (December 31, 2017 - $30,537). Accounts payable and accrued liabilities bear no interest and have no fixed terms of repayments.

Market risk

At December 31, 2018, the Company was exposed to currency risk through the following monetary assets and liabilities in CDN Dollars.

	CDN$
Cash	$30,451
Short-term investments	$530,000
Accounts payable and accrued liabilities	$(126,383)

Based on the net exposure and assuming all other variables remain constant, a 10% change in the appreciation or depreciation of the Canadian dollar relative to the US dollar would result in a change of approximately $43,406 to other comprehensive income/loss.

Risk Factors

The following information is a summary only and the risks and uncertainties below are not the only ones related to our Company but are related to the industry at large. There are additional risks and uncertainties that our Company does not presently know of or that our Company currently considers immaterial which may also impair our Company's business operations. If any of the following risks actually occur, our Company's business may be harmed and its financial condition and results of operations may suffer significantly. In such circumstances, the price of our Company's common shares could decline and investors may lose all or part of their investment.

Access to Capital

As of December 31, 2018, the Company had cash, including short-term investments, of $2,823,915 and a net loss of $3,139,685 for the year ended December 31, 2018. As such, the Company may require additional financing in the near future develop and to expand its business operations. The Company and may not be able to obtain financing when required. Obtaining additional financing would be subject to a number of factors, including our Company's ability to initially attract investments prior to substantial revenue generation, and thereafter the Company's ability to grow its operations. If the Company is unable to continue as a going concern, investors will likely lose all of their investments in the Company.

Key Personnel

The future success of the Company will depend, in large part, upon its ability to retain its key management personnel and to attract and retain additional qualified finance, marketing, sales and operational personnel. The talent pool in the industry in which the Company operates is shallow given the infancy of the industry. Therefore, the Company may not be able to enlist, train, retain, motivate and manage the required personnel without substantial incentives. Like any other business, the inability to attract and retain personnel, particularly marketing, sales and operational personnel, could make it difficult for the Company to manage its business and meet its objectives.

Competition
The market for the Company's products is intensely competitive and subject to rapid regulatory, technological, market and consumer changes. Larger competitors with longer operating histories and greater financial, marketing and other resources could develop and market new products which could render the Company's products less competitive. Due to the high level of competition in the cannabis industry, the Company might face challenges in retaining its customers, which would harm its financial condition and operating results. In addition, because the industry in which the Company operates is not particularly capital intensive, there is low barrier to entry in this industry, making it relatively easy for new competitors to emerge that could compete with the Company. However, management believes that with the subsequent events that are reported herein, the Company should be able to effectively compete in a market where the barriers to entry have been significantly raised. Although the capital demands are still significant, the barrier to entry should permit the Company to compete at prices that are favorable.

Product Recalls
Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of the Company's products are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Company has a limited operating history from which investors can evaluate its business and therefore an inherent risk in investing in such a Company.

International Operational Risks, Including Compliance and Foreign Exchange Risk
The Company expects to derive a significant portion of its revenues from sales outside of Canada, thus exposing its business to risks associated with foreign operations. For example, a foreign government could impose trade or foreign exchange restrictions or increased tariffs, or otherwise limit or restrict its ability to import products into a country, any of which could negatively impact our Company's operations. The Company is also exposed to risks associated with foreign currency fluctuations. In addition, the Company may be subject to regulations and taxes under local, provincial, state and federal laws, including requirements regarding customs, duties, cross-border issues, occupational safety, laboratory practices, environmental protection and hazardous substance control, and may be subject to other present and future local and foreign regulations. Changes in government regulations could also have an adverse effect on the business and financial condition of our Company.

Dependence on Penetration of Existing Markets
The success of the Company's business is to a large extent contingent on its ability to penetrate existing markets and to a similar extent to enter into new markets. The Company's ability to penetrate existing markets or to expand its business into additional countries, to the extent it believes that it has identified attractive geographic expansion opportunities in the future, is subject to numerous factors, many of which are out of its control. In addition, government regulations in both its domestic and international markets can delay or prevent the introduction, or require the reformulation or withdrawal, of some of its products, which could negatively impact its business, financial condition and results of operations.

Changing Consumer Preferences and Demands
The Company's business is subject to changing consumer trends and preferences. The Company's continued success depends in part on its ability to anticipate and respond to these changes, and it may not respond in a timely or commercially appropriate manner to such changes. Furthermore, the Company's industry is characterized by rapid and frequent changes in demand for products and new product introductions and enhancements. If the Company does not introduce new products or make enhancements to meet the changing needs of its customers in a timely manner, some of our Company's products could be rendered obsolete, which could negatively impact the Company's revenues, financial condition and operating results.

Compliance with Laws and Governmental Regulations
In domestic and foreign markets, the formulation, manufacturing, packaging, labeling, distribution, importation, exportation, licensing, sale and storage of the Company's products may be affected by extensive laws, governmental regulations, administrative determinations, court decisions and similar constraints. There can be no assurance that our company is in compliance with all of these regulations. The failure to comply with these regulations or new regulations could disrupt the sale of the Company's products, or lead to the imposition of significant penalties or claims and could negatively impact our company's business. In addition, the adoption of new regulations or changes in the interpretations of existing regulations may result in significant compliance costs or discontinuation of product sales and may negatively impact the marketing of the Company's products, resulting in significant loss of sales revenues.

Conflicts of Interest
The Company's directors and officers may serve as directors or officers, or may be associated with, other reporting companies, or have significant shareholdings in other companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding on terms with respect to the transaction. If a conflict of interest arises, the Company will follow the provisions of the Canada Business Corporation Act dealing with conflicts of interest. The Canadian corporate statutes specifically require each director (and officer) to disclose in writing (or request to have entered in the minutes of the board meeting) the nature and extent of the director's interest in a material contract or transaction or in a proposed one with the corporation. The statutes further require the director to refrain from voting on a resolution to approve the contract or transaction except in narrow circumstances as defined in the act. In all circumstances, the directors and officers of the Company are required to act honestly, in good faith, and in the best interest of the Company.

Medical or Recreational Cannabis production and distributions are illegal under U.S. Federal Law
Unlike in Canada which has federal legislation uniformly governing the cultivation, distribution, sale and possession of medical marijuana under the *Access to Cannabis for Medical Purposes Regulations*, investors are cautioned that in the United States, marijuana is largely regulated at the state level. Although certain states and territories of the U.S. authorize medical or recreational cannabis production and distribution by licensed or registered entities, under U.S. federal law, the possession, use, cultivation, and transfer of cannabis and any related drug paraphernalia is illegal, and any such acts are criminal acts under federal law under any and all circumstances under the U.S. *Controlled Substances Act*. An investor's contribution to and involvement in such activities may result in federal civil and/or criminal prosecution, including forfeiture of his, her entire investment.

Cessation of Cannabis Operation
As the production and sale of recreational cannabis remain illegal under U.S. federal law, it is possible that the Company may be forced to cease operations of its U.S. cannabis business. The U.S. federal government, through the Department of Justice ("**DOJ**"), Drug Enforcement Agency ("**DEA**") and Internal Revenue Service ("**IRS**"), has the right to actively investigate, prosecute, audit and shut-down marijuana growing facilities, processors and retailers. The U.S. federal government may also attempt to seize the Company's property. Any action taken by the DOJ, DEA and/or the IRS to interfere with, seize, or shut down a tenant's operations will have an adverse effect on the Company's business, operating results and financial condition.

In addition, since the possession and use of cannabis and any related drug paraphernalia is illegal under U.S. federal law, the Company may be deemed to be aiding and abetting illegal activities through the contracts it has entered into and the products that it intends to provide. As a result, U.S. law enforcement authorities, in their attempt to regulate the illegal use of cannabis and any related drug paraphernalia, may seek to bring an action or actions against the Company, including, but not limited to, aiding and abetting another's criminal activities. The Federal aiding and abetting statutovides that anyone who "commits an offense against the United States or aids, abets, counsels, commands, induces or procures its commission, is punishable as a principal." As a result of such an action, the Company may be forced to cease operations and its investors could lose their entire investment. Such an action would have an adverse material negative effect on the Company's business and operations.

Regulatory Changes Affecting Cannabis Operations
The Company's business activities rely on newly established and developing laws and regulations in the State of California. These laws and regulations are rapidly evolving and subject to change with minimal notice. Regulatory changes, including changes in the interpretation and/or administration of applicable regulatory requirements may adversely affect the Company's profitability or cause it to cease operations entirely. Any determination that the Company's business fails to comply with California's cannabis regulations would require the Company either to significantly change or terminate its business activities, which would have a material adverse effect on the Company's business.

The cannabis industry may come under the scrutiny or further scrutiny by the U.S. Food and Drug Administration, Securities and Exchange Commission, the DOJ, the Financial Industry Regulatory Advisory or other federal, the State of California or other applicable state or nongovernmental regulatory authorities or self-regulatory organizations that supervise or regulate the production, distribution, sale or use of cannabis for medical or nonmedical purposes in the United States. It is impossible to determine the extent of the impact of any new laws, regulations or initiatives that may be proposed, or whether any proposals will become law. The regulatory uncertainty surrounding the Company's industry may adversely affect the business and operations of the Company, including without limitation, the costs to remain compliant with applicable laws and the impairment of its ability to raise additional capital, which could reduce, delay or eliminate any return on investment in the Company.

Laws affecting Banking Regulations in Cannabis Industry
In February 2014, the Financial Crimes Enforcement Network ("**FinCEN**") bureau of the U.S. Treasury Department issued guidance (which is not law) with respect to financial institutions providing banking services to cannabis businesses, including burdensome due diligence expectations and reporting requirements. This guidance does not provide any safe harbors or legal defenses from examination or regulatory or criminal enforcement actions by the DOJ, FinCEN or other federal regulators. Thus, most banks and other financial institutions do not appear to be comfortable providing banking services to cannabis-related businesses, or relying on this guidance, which can be amended or revoked at any time by the Trump Administration. In addition to the foregoing, banks may refuse to process debit card payments and credit card companies generally refuse to process credit card payments for cannabis-related businesses. As a result, the Company may have limited or no access to banking or other financial services in the United States, and may have to operate the Company's business on an all-cash basis. The inability or limitation in the Company's or the License Holders' ability to open or maintain bank accounts, obtain other banking services and/or accept credit card and debit card payments may make it difficult for the Company or the License Holders to operate and conduct its business as planned.

Because the manufacture, distribution, and dispensation of cannabis remains illegal under the CSA, banks and other financial institutions providing services to cannabis-related businesses risk violation of federal anti-money laundering statutes (18 U.S.C. §§ 1956 and 1957), the unlicensed money-remitter statute (18 U.S.C. § 1960) and the U.S. Bank Secrecy Act. These statutes can impose criminal liability for engaging in certain financial and monetary transactions with the proceeds of a "specified unlawful activity" such as distributing controlled substances which are illegal under federal law, including cannabis, and for failing to identify or report financial transactions that involve the proceeds of cannabis-related violations of the CSA. The Company may also be exposed to the foregoing risks. In the event that any of the Company's investments, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such investments in the United States were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above or any other applicable legislation. This could restrict or otherwise jeopardize the ability of the Company to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada. Furthermore, while the Company has no current intention to declare or pay dividends in the foreseeable future, in the event that a determination was made that any such investments in the United States could reasonably be shown to constitute proceeds of crime, the Company may decide or be required to suspend declaring or paying dividends without advance notice and for an indefinite period of time.

Enforcement of Intellectual Property Rights

As long as cannabis remains illegal under U.S. federal law as a Schedule I controlled substance pursuant to the CSA, the benefit of certain federal laws and protections which may be available to most businesses, such as federal trademark regarding the intellectual property of a business, may not be available to the Company. As a result, the Company's intellectual property may never be adequately or sufficiently protected against the use or misappropriation by third-parties. In addition, since the regulatory framework of the cannabis industry is in a constant state of flux, the Company can provide no assurance that it will ever obtain any protection of its intellectual property, whether on a federal, state or local level.

Enforcement of Contracts

The Company's contracts involve cannabis and other activities that are not legal under U.S. federal law and in some jurisdictions, the Company may face difficulties in enforcing its contracts in U.S. federal and certain state courts.

Additional information

Additional information relating to the Company is available on SEDAR at www.sedar.com or at the Company's website (www.nextgreenwave.com), , or at info@nextgreenwave.com.

Shareholder Information

Stock Exchange Listing – CSE : NGW / OTCQB: NXGWF

Registrar and Transfer Agent

National Issuer Services Ltd.

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