

**HARVEST HEALTH & RECREATION INC.**  
**(Formerly RockBridge Resources Inc.)**

**MANAGEMENT DISCUSSION AND ANALYSIS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**RockBridge Resources Inc.**  
**Management Discussion and Analysis**  
**For the year ended September 30, 2018**  
(all figures in Canadian dollars unless otherwise indicated)

This Management's Discussion and Analysis ("MD&A") is prepared as at January 21, 2019 and should be read in conjunction with the audited consolidated financial statements for the year ended September 30<sup>th</sup>, 2018 of Harvest Health & Recreation Inc. (formerly RockBridge Resources Inc.), (the "Company") with the related notes thereto. Those audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). All dollar amounts included therein and in the following MD&A are expressed in Canadian dollars except where noted.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including that within the Company's financial statements and MD&A, are complete and reliable.

Additional information on the Company is available for viewing on SEDAR at [www.sedar.com](http://www.sedar.com).

**Note to Reader:**

The following audited consolidated financial statements of the Company as at and for the year ended September 30, 2018 **DO NOT** reflect the completion of the business combination between the Company, a wholly-owned subsidiary of the Company, Harvest Enterprises Inc., HVST Finco (Canada) Inc., and related transactions. See the Reverse Takeover section below for details on the business combination.

**Forward-looking Statements**

The following Management Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the accompanying audited consolidated financial statements and notes included in this report. Certain statements contained in this MD&A constitute forward-looking statements. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon. These forward-looking statements speak only as of the date of this MD&A and subject to the requirements of applicable securities legislation, the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise.

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All forward-looking statements and information are based on the Company's current beliefs as well as assumptions made by and information currently available to the Company concerning anticipated financial performance, business prospects, strategies, regulatory developments, development plans, exploration and development activities and commitments. Although management considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution readers not to place undue reliance on these statements as a number of important factors could cause the actual results to differ materially from the beliefs, plans, objectives, expectations, anticipations, estimates and intentions expressed in such forward-looking statements.

These factors include, but are not limited to, developments in world financial and commodity markets, risks relating to fluctuations in the Canadian dollar and other currencies relative to the US dollar, changing budget priorities of the Company or its joint venture partners, changes in project parameters as plans continue to be refined; delays in obtaining governmental approvals or financing, the effects of competition in the markets in which the Company operates, the impact of changes in the laws and regulations in the markets in which the Company operates, judicial or regulatory judgments and legal proceedings, operational and infrastructure risks and the Company's anticipation of and success in managing the foregoing risks. The Company cautions that the foregoing list of factors that may affect future results is not exhaustive. When relying on our forward-looking statements to make decisions with respect to the Company, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. The Company does not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by the Company or on the Company's behalf, except as required by law.

### **Reverse Takeover**

On November 14, 2018 the Company completed a reverse take-over transaction (the "Business Combination"), with Harvest Enterprises Inc. and its affiliated companies ("Harvest"). The Business Combination constituted a change of business for the Company and, consequently, the Company delisted from the TSX Venture Exchange and relisted on the Canadian Securities Exchange. In addition, the Company's board of directors were replaced, and management was changed.

The Business Combination was completed by way of, among other things, (i) several share exchanges between existing holders of common shares of various acquired companies and Rockbridge, pursuant to which such holders were issued a combination of super voting shares, multiple voting shares and subordinate voting shares of the Company; (ii) a share exchange between existing holders of common shares of Harvest FINCO, Inc. ("Harvest FINCO USA"), an affiliate of Harvest, pursuant to which holders of common shares of Harvest FINCO USA

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were issued a combination of subordinate voting shares and multiple voting shares in exchange for Harvest FINCO USA common shares; and (iii) a three cornered amalgamation among RockBridge, Harvest Finco Canada and 1185928 B.C. Ltd. ("BC Subco"), pursuant to which Harvest Finco Canada shareholders (including former holders of Subscription Receipts) received subordinate voting shares of the Company, and pursuant to which BC Subco amalgamated with Harvest Finco to form a new company, which was subsequently wound up into the Company.

As part of the Business Combination, the resulting Company implemented a three class voting structure on November 14, 2018, including the creation of a new class of subordinated voting shares (the "Subordinate Voting Shares"), a new class of multiple voting shares (the "Multiple Voting Shares") and a new class of super voting shares (the "Super Voting Shares") and changed its name to "Harvest Health & Recreation Inc." Each Subordinate Voting Share carries the right to one vote per share on all matters to be voted on by shareholders of the resulting company, each Multiple Voting Share carries the right to 100 votes per share on all matters to be voted on by shareholders of the resulting company, and each Super Voting Share carries the right to 200 votes per share on all matters to be voted on by shareholders of the resulting Company.

In connection with the Business Combination, Harvest Finco Canada completed the Offering pursuant to which Harvest Finco Canada issued 33,305,294 subscription receipts (the "Subscription Receipts") at a price of US\$6.55 per Subscription Receipt (the equivalent of C\$8.67, based on the Bank of Canada exchange rate of C\$1.3241 per US\$1.00 on November 13, 2018) for gross proceeds of US\$218,149,676. In connection with the closing of the Business Combination, 33,305,294 Subscription Receipts issued pursuant to the Offering were automatically converted into 33,305,294 common shares in the capital of Harvest Finco Canada and then exchanged into subordinate voting shares of the Company on a one-for-one basis.

In conjunction with the Business Combination, all the outstanding common shares of the Company immediately prior to the transaction were exchanged for 381,679 Subordinate Voting Shares of the Company.

In August and September of 2018, Harvest US Finco closed a private placement offering to sell approximately \$50 million of convertible promissory notes to accredited investors. Upon completion of the Business Combination, the convertible promissory notes were exchanged share of the resulting company.

Immediately following the Business Combination, the total number of shares issued were as follows:

i.	Super Voting:	2,000,000
ii.	Multiple Voting:	2,113,948
iii.	Subordinate Voting Shares	62,330,432

Note: Share amounts are inclusive of the shares issued in conjunction with the CbX Acquisition and Letter of Credit transaction listed in the Subsequent Events section.

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**Description of Business**

RockBridge Energy Inc. was incorporated under the Business Corporations Act (British Columbia) on November 20, 2007. RockBridge Energy Inc. subsequently changed its name to RockBridge Resources Inc. (“RockBridge” or the “Company”) on April 6, 2010. Its former wholly owned subsidiary, RockBridge Energy Alberta Inc., was incorporated under the Business Corporations Act (Alberta) on May 27, 2008 and subsequently sold on June 1, 2016.

Historically the principal business carried on by the Company is the acquisition and development of oil and natural gas properties (See Reverse Takeover for change of business information).

**Oil and Gas Properties Update**

On September 29, 2018, the Company sold its last remaining oil and gas interest, the Clarke Lake property located in Northeastern BC, to a private company with common directors for cash consideration of \$100. As a result of the sale, the Company recognized a loss in the statement of comprehensive loss of \$324,600.

**Overall performance**

Overall, the Company’s financial performance has decreased since the previous year ended September 30, 2018. This is a continuing trend from the year ended September 30, 2017, during which the Company sold some of its oil and gas assets.

For year ended September 30, 2018, cash increased by \$63,743 as a result of the Company closing a private placement in September 2018. Operating revenue decreased by \$147,957 or 60% for the period. Revenues were \$100,511 compared to \$248,468 for the years ended September 30, 2018 and September 30, 2017 respectively.

Revenues have decreased in part due to facility shut-downs temporarily, the decline in the prices of oil, natural gas and liquids from the previous year and the sale of our operating wells.

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**Selected Annual Information**

The following financial data are selected information for the Company for the three most recent years.

	September 2018	September 2017	September 2016
Total revenue	\$ 100,511	\$ 248,468	\$ 373,983
Net comprehensive gain (loss)	\$ (459,091)	\$ (67,226)	\$ (152,558)
Basic and diluted loss per share	\$ (0.10)	\$ (0.00)	\$ (0.01)
Total assets	\$ 445,785	\$ 445,785	\$ 518,292
Total long-term liabilities	\$ 112,875	\$ 128,111	\$ 114,147
Cash dividends declared per share for each class of share	\$ Nil	\$ Nil	\$ Nil

In fiscal 2018, total assets decreased from fiscal 2017 as the Company relied on its working capital to fund operations. In fiscal 2018, total long term liabilities decreased as the Company settled its obligations and repaid outstanding convertible debentures. See notes 9 and 10 in the audited financial statements.

**Results of Operations**

*Revenue*

The Company earns its revenues through the sale of oil and gas through marketing companies or third party operators. Operations are contracted out through management and consultants agreements. Revenues have declined due in part to the sale of certain assets and the decline in the prices of oil, natural gas and liquids from the comparative period ended September 30, 2017.

*Expenses*

For the year ended September 30, 2018 general and administrative expenses totaled \$113,862 for 2018 and \$88,647 in 2017. Operating expenses for the year ended September 30, 2018 totaled \$121,123 and \$152,702 in 2017. Depletion totaling \$11,462 for the year ended September 30, 2018 and \$33,039 in 2017 were incurred for the operation of the wells. Operating expenses decreased due to reduction in operating wells and the sale of the Company's last remaining interest in September 2018.

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*Fourth Quarter*

For the quarter ended September 30, 2018 Oil & Gas Revenue was \$32,697 (2017: \$70,704). Operating expenses for the quarter ended September 30, 2018 were \$64,123 (2017: \$52,147).

**Summary of Quarterly Results (Unaudited)**

	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
	30-Sep-18	30-Jun-18	31-Mar-18	31-Dec-17	30-Sep-17	30-Jun-17	31-Mar-17	31-Dec-16
Total Revenue	\$ 15,746	\$ 32,697	\$ 41,827	\$ 10,241	\$ 37,459	\$ 70,704	\$ 93,072	\$ 47,233
Net Comprehensive income(loss)	\$ (373,454)	\$ (46,973)	\$ (6,713)	\$ (31,951)	\$ (29,353)	\$ (21,711)	\$ (14,229)	(1,933)
Basic and diluted earnings (loss) per share	\$ 0.08	\$ 0.01	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Total assets	\$ 112,875	\$ 404,495	\$ 412,138	\$ 430,516	\$ 445,785	\$ 498,119	\$ 459,307	\$ 423,933
Total liabilities	\$ (71,900)	\$ (367,196)	\$ (327,866)	\$ (339,531)	\$ (322,849)	\$ (345,828)	\$ (285,304)	\$ (235,701)
Cash dividends declared per share for each class of share	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

**Liquidity & Capital Resources**

For the year ended September 30, 2018, the Company experienced a net increase in cash of \$63,743 from the operation of wells, investing and financing activities and expenses.

The Company's liquidity needs can be met through a variety of sources including: generating cash from operations; borrowing against debt facilities; entering into finance leases; or the issuance of shares. The Company manages liquidity risk by continuously monitoring actual and forecast cash flows, drawing upon available facilities as needed.

In connection with the Business Combination, on November 13, 2018, an affiliate of Harvest, HVST Finco (Canada) Inc. ("Harvest Finco Canada") completed a brokered private placement offering of subscription receipts for aggregate gross proceeds in the amount of US\$218,149,676.

The audited consolidated financial statements for the year ended September 30, 2018 and 2017 have been prepared using the going concern assumption, which assumes that the Company will continue in operation for the foreseeable future and be able to realise its assets and settle its liabilities in the normal course of business. The Company believes that existing cash resources, together with cash generated through operations, entering into finance leases, and the financing of refundable tax credits will generate sufficient liquidity to meet operating cash requirements for at least the next twelve months.

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**Off-balance sheet arrangements**

The Company has no off-balance sheet arrangements.

**Related Party Transactions**

**Key Management Personnel Compensation**

During the year, the Company incurred the following charged by directors and/or officers of the Company and private companies controlled by directors and/or officers of the Company:

	2018	2017
Accounting fees	\$ 8,765	\$ 7,613
Directors' fees	2,520	-
Directors' fees	6,891	4,600
Interest expense	3,646	4,875
Management fees	51,496	20,911
Office expenses	656	1,523
Travel	-	687
	<u>\$ 73,974</u>	<u>\$ 40,209</u>

These expenditures occurred in the normal course of business operations and were measured by the exchange amount which is the amount agreed upon by the transacting parties.

Quay Property Management Corp is a company controlled by an officer that provides accounting, management and office services to RockBridge Resources Inc.

Sash Management Ltd. is a company controlled by a director that provides management services to RockBridge Resources Inc.

Thompson Properties Ltd. is a company controlled by a director and an officer. It previously held a \$40,625, 12% per annum, convertible debenture with RockBridge Resources Inc. which was repaid in shares on August 22, 2018 by issuing 677,084 post-consolidated common shares of the Company at a deemed price of \$0.06 per share.

Planval Resources Ltd., is a company controlled by a director and officer that provides management services to RockBridge Resources Inc.

At September 30, 2018, accounts payable and accrued liabilities includes \$1,428 (2017: \$35,000) payable to companies controlled by directors or officers of the Company.



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**Proposed Transactions**

See section Subsequent Events

**Critical Accounting Estimates**

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

**i) Decommissioning Liabilities**

Decommissioning liabilities have been created based on RockBridge Resources Inc.'s internal estimates with respect to its current producing properties. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from period to period. Actual decommissioning costs will ultimately depend on future market prices for the decommissioning costs which will reflect the market condition at the time of the decommissioning costs are actually incurred. The final cost of the currently recognized decommissioning liabilities may be higher or lower than currently provided for.

A credit-adjusted risk-free rate of 5% was used to calculate the fair value of the decommissioning liabilities.

**ii) Exploration and Evaluation Expenditure**

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

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**iii) Income Taxes**

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

**iv) Share-based Payment Transactions**

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 7 of the audited annual consolidated financial statements.

**Changes in Accounting Policies including Initial Adoption**

We have reviewed new and revised accounting pronouncements that have been issued but are not yet effective. We have not early adopted any of these standards and are currently evaluating the impact, if any, that these standards might have on our financial statements.

**Accounting Standards Issued but not yet Applied:**

A number of new IFRS standards, amendments to standards and interpretations are not yet effective for the year ended September 30, 2018, and have not been applied in preparing these financial statements. None of these are expected to have an effect on the Company's financial statements.

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**Financial Instruments and Other Instruments**

The carrying values of cash and cash equivalent, accounts receivable, accounts payable, and advances payable as reflected in the balance sheet, approximate their respective fair values because of the demand or short-term maturity of these instruments.

As at September 30, 2018, financial instruments which potentially subject the Company to credit risk consist of bank deposits, and accounts receivable. Cash and investments are deposited with high credit quality financial institutions. Accounts receivable consist of amounts receivable from a related party. The Company does not require collateral or other securities to support accounts receivable. The Company has not recorded an allowance for doubtful accounts.

**Outstanding Share Data**

As at September 30, 2018 the share capital of the Company consistent of:

a) Authorized:

Unlimited common shares without par value

b) Issued:

On August 22, 2018, the Company consolidated the outstanding share capital of the Company on the basis of four (4) pre-consolidation common shares for one (1) post consolidation common share.

	<u>Number</u>	<u>Amount</u>	<u>Contributed Surplus</u>
Balance, September 30, 2018	<u>3,998,355</u>	<u>\$5,603,539</u>	<u>\$ 1,428,381</u>
No change in the period	<u>-</u>	<u>-</u>	<u>-</u>
Balance, September 30, 2017	<u>15,993,414</u>	<u>\$5,603,539</u>	<u>\$ 1,428,381</u>

Refer to the Reverse Takeover section regarding the reorganization of the share capital subsequent to September 30, 2018.

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**Share Purchase Warrants**

None.

**Share Purchase Options**

The Company has a Stock Option Plan (the “Plan”) under which it is authorized to grant stock options to directors, officers, consultants and employees of the Company. The maximum aggregate number of share purchase options granted under the Plan at any point in time will not exceed 10% of the outstanding issue at the time of the stock option grant or such lesser number of shares as determined by the directors as required to comply with the Exchange policies. The number of common shares which may be reserved in any twelve month period for issuance to any one individual upon exercise of stock options held by that individual may not exceed 5% (2% for employees and consultants) of the issued and outstanding common shares of the Company unless the Company has obtained disinterested shareholder approval.

As at the current date the Company has 9,955,000 stock options outstanding at an exercise price of \$6.55 USD.

**Escrow Shares**

No shares are held in escrow as of September 30, 2018. See Subsequent Events for additional share issuance information.

**Risks and Uncertainties**

Historically the risks associated with the business have been as follows:

*Business Risks* – Exploration and production for oil and gas is very capital intensive. As a result, the Corporation relies on equity markets as a source of new capital. Funds from operation also are a source for funding capital expenditures. Equity and debt capital are subject to market conditions and availability may increase or decrease from time to time. Operating funds also fluctuate with changing commodity prices.

*Environmental Risks* - The oil and natural gas industry is subject to provincial and federal environmental regulations. Such legislation provides for restrictions and prohibitions on the release or emission of various substances produced in association with certain oil and natural gas operations. In addition, such legislation requires that well and facility sites are abandoned and reclaimed to the satisfaction of provincial authorities. Compliance with such legislation can require significant expenditures and breach of such requirements may result in the suspension or

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revocation of necessary licenses and authorizations, civil liability for pollution damage, and the imposition of material fines and penalties.

As a result of the change of business (See Reverse Takeover) the Risks and Uncertainties have changed. Specifically Marijuana remains illegal under U.S. federal law Marijuana is a Schedule I controlled substance and is illegal under federal U.S. law. Even in those states in which the use of marijuana has been legalized, strict enforcement of federal law regarding marijuana would harm the Company's business, prospects, results of operation, and financial condition.

Refer to the Company's Filing Statement dated November 20, 2018 for a comprehensive list of the risk factors associated with the change of business. [www.sedar.com](http://www.sedar.com)

**Subsequent Events**

**a) Reverse Take-Over & Private Placement**

See Reverse Takeover section for a detailed summary

**b) Letter of Credit Agreement**

In conjunction with the Business Combination, Harvest has entered into a Letter Credit Agreement to borrow \$26 million for a period of three years at an interest rate that is equal to Bank of Canada Prime plus 10.3% per annum. Principal payments under the loan will be amortized monthly on a straight-line basis over a five-year period beginning six months after the date of the loan. The loan will be secured by a first lien on the assets of Harvest and its subsidiaries and a pledge of its ownership in its subsidiaries. Harvest paid the agent of the lender a \$660,000 work fee and issued to such agent \$1,200,000 of shares of common stock of Subordinate Voting Shares of the resulting issuer. The Company has fully drawn down on the Letter of Credit.

**c) Completed Cbx Enterprises LLC Acquisition**

On November 14, 2018, in conjunction with the Business Combination noted above, the resulting company acquired CBx Enterprises LLC, a Colorado intellectual property company ("CBx"). CBx has entered into a licensing agreement with two Colorado cannabis licensed businesses, THChocolate, LLC and Evolutionary Holdings, LLC (collectively, "EvoLab"). EvoLab owns and operates a Colorado medical and adult-use cannabis operation with a cultivation facility and a medical and retail processing facility located in Denver, Colorado. The purchase price of CBx is (i) US\$33.5 million comprised of US\$8.5 million in cash and US\$25 million in Multiple Voting shares of the resulting company valued at US\$6.55 per share (the "RTO price"), plus (ii) an earnout payment of up to US\$16 million in common stock of the Resulting Issuer valued at the RTO price contingent upon the achievement of certain financial milestones following the Transaction.

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**d) Completed San Felasco Acquisition**

On November 21, 2018, the Company completed the purchase of 100 percent of the issued and outstanding common stock of San Felasco Nurseries, Inc. (“San Felasco”), a holder of a medical marijuana dispensary license and authorization to operate as a Medical Marijuana Treatment Center in the state of Florida that can produce, process and dispense medical marijuana and marijuana products.

Each Medical Marijuana Treatment Center is allowed to operate up to 25 dispensaries in the State of Florida, subject to increase in certain circumstances.

The purchase price for the acquisition as provided for in the agreement prior to fair value allocation was US\$65,676,287 comprised of US\$34,058,579 in cash, US\$29,650,920 in Multiple Voting Stock valued at \$390 per share and \$1,966,788 in assumption of debt. In addition, the Company agreed to issue \$4,000,000 in Multiple Voting Stock valued at \$390 per share to a lender of San Felasco’s as consideration for waiving certain of its rights and extending the term of certain debt and other financing commitments to San Felasco. The Multiple Voting Stock issuable in these transactions is subject to a lock-up for a period of six months from the date of the closing.

**e) Stock Options**

On October 2, 2018, the Company granted 400,000 options to an officer and director to acquire common shares at \$0.205 per share. On November 5, 2018, all of these options were exercised for proceeds of \$82,000.

Following the closing of the Business Combination, the company granted 9,955,000 stock options to purchase common shares in the Company. These options have an exercise price of US\$6.55, equal to the issuance price of the Subscription Receipts, and one-quarter of these options will vest annually over four years, such that all options will be vested by the fourth anniversary of the grant date. A total of 7,300,000 options were granted to officers or directors of the Company and 2,655,000 options were granted to other key employees.

**f) Real Estate Financing Arrangement (Aina We Would)**

In December 2018, Harvest entered into an agreement to form Aina We Would, LLC (“AWW”), a new real estate investment vehicle that plans to provide funding for cannabis-related real estate asset acquisitions. In addition to a Harvest subsidiary, AWW is comprised of Aina Advisors LLC (“Aina”) and Stadlen Family Holdings, LLC (“Stadlen”). Aina and Stadlen have committed to fund or to arrange funding for up to US\$100 million for AWW projects. AWW, through the participation of its members, plans to focus on serving clients in the cannabis marketplace.

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AWW plans to buy, develop and finance new construction projects, engage in land purchases, capital improvements and sale-leasebacks to Harvest and other operators in the cannabis industry. AWW plans to offer Harvest lease rates below current market providers and then source permanent financing for the properties it acquires. In addition to financing, Harvest may use AWW for its construction and real estate development needs. In addition, Harvest has committed to provide AWW with up to US\$30 million in short-term financing to permit AWW to seek out acquisition projects., each of which is subject to the approval of AWW and Harvest in their sole discretion. These funds will be replaced by permanent financing provided or sourced by Stadlen and Aina.