NATURALLY SPLENDID ENTERPRISES LTD.

FORM 51-102F1
MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2015

The following discussion and analysis should be read in conjunction with the unaudited condensed consolidated interim financial statements of Naturally Splendid Enterprises Ltd. (the "Company" or "Naturally Splendid") for the three month period ended March 31, 2015, and the audited consolidated financial statements for the year ended December 31, 2014, and the related notes thereto. The Company reports its financial position, results of operations and cash flows in accordance with International Financial Reporting Standards ("IFRS"), and are presented in Canadian dollars unless otherwise noted.

This management discussion and analysis is dated June 1, 2015 and is in respect of the three month period ended March 31, 2015.

OVERVIEW

Naturally Splendid is in the business of distributing hemp-based food and health products across North America.

Historically, the Company focused on the distribution of hemp based products in British Columbia and Alberta. During 2014, the Company signed with two national distributors in addition to its regional distributors, expanding its marketing and distribution across Canada. The Company also signed an agreement with a Canadian based distributor for its products in the United States. On February 24, 2015, the Company acquired a license on certain technologies with respect to HempOmega™ and other related products, and also commenced research on other product lines to diversify its product range.

The Company was incorporated as Race Capital Corp. on December 21, 2010 as a capital pool company ("CPC") as defined by Policy 2.4 of the TSX Venture Exchange (the "Exchange"). On August 10, 2011, Race completed its initial public offering. The common shares were listed for trading on the Exchange under the symbol "RCE.P" on August 15, 2011. On March 7, 2013 Race, having completed its Qualifying Transaction with Naturally Splendid Enterprises Ltd. ("NS"), started trading on the Exchange under the symbol "NSP". As a result of the Qualifying Transaction, the former shareholders of NS owned in excess of 50% of the outstanding shares of the amalgamated entity. For accounting purposes NS is considered to be the accounting acquirer and therefore, the corporate merger has been accounted for similar to a reverse takeover. For financial reporting purposes, the Company is considered a continuation of NS, a legal subsidiary, except with regard to authorized and issued share capital which is that of the Race, the legal parent.

On February 5, 2014 the Company listed on the Frankfurt Stock Exchange under the symbol "50N".
On July 16, 2014 the Company was quoted on the US OTCQB board under the symbol "NSPDF".

On July 22, 2014, the Company announced the formation of a new Colorado subsidiary, Naturally Splendid USA Ltd. The new subsidiary is intended to facilitate the development of markets for the Company's products and licensed technologies in the United States. See "New Products" below.

Retail Products

NATERA™

Naturally Splendid distributes the following hemp-based food products under the NATERA™ brand:

- **Premium Shelled Hemp Seed.** Naturally Splendid Premium Shelled Hemp Seeds are a versatile, superfood that can be consumed on its own as a snack or meal replacement, or can be added to recipes to enhance taste and improve dietary profiles.

- **Premium Hemp Protein Powder and Flavoured Protein Powders.** Naturally Splendid Premium Hemp Protein Powder is easily digestible and an excellent source of protein. It can replace all other protein sources and is packed with live enzymes, EFA's, EAA's, vitamins and minerals. Hemp Protein Powder complements any juice or smoothie and is ideal for vegans and vegetarians. Naturally Splendid has also developed chocolate, berry and vanilla flavoured proteins.

- **Hemp Seed Snack Packs**. Naturally Splendid has developed and launched flavoured hemp seed snack packs in natural, maple and Himalayan pink salt flavours.

All NATERA™ brand products meet NON-GMO Project Certification requirements for both Canada and the United States. The certified products are listed on the NON-GMO project website at http://www.nongmoproject.org/find-non-gmo/search-participating-products/search/?brandId=789 Naturally Splendid is also an official member of the Canada Brand Program.

Pawsitive FX™

On February 26, 2015 the Company announced the launch of a 100% owned hemp-based pet care line trademarked Pawsitive FX™.

This line of products was awarded the Best New Product award at the Calgary Pet Industry Trade Show on April 26, 2015 – the first show at which the product was presented.

The initial Pawsitive FX™ product line consists of three formulations for topical applications as well as 3 formulated shampoo products.

Happy Paws™ is a balm formulated to soothe dry, cracked, chapped or rough paws, helping to prevent irritation, moisturize, and maintain the health of paws. The product is made with 100% natural ingredients that are safe for pets.

Strong Paws™ is ideal for protecting dog pads in all terrains. Hot or cold, rock or salty, this all-natural, wax-based formula is intended to help keep feet strong.

Happy Snouts™ is formulated with all-natural ingredients to provide gentle and soothing assistance with chapped, cracked or dry noses. It is unscented and made with 100% natural ingredients that will not harm pets.

Happy Coats™ is an all-natural line of shampoos under development that is effective and safe for even the most sensitive skin. The line currently features a Conditioning Shampoo for general maintenance, as well as a Flea and Tick Shampoo that contains natural bug repellents. Artificial perfumes have not been added.

The Company plans to generate sales of Pawsitive FX™ products by utilizing its existing distribution network, and by developing additional pet specific distribution networks as well as with on-line sales.

Technology License Agreement (Hemp and Cannabinoid Formulations)

Closing of the License Agreement

During the quarter ended March 31, 2015, the Company closed on the technology acquisition agreement previously announced in November, 2014.

Naturally Splendid USA Ltd. entered into a Novation Agreement with Full Spectrum Laboratories Limited ("FSL"), Boreal Technologies, Inc. ("Boreal") and Naturally Splendid whereby Boreal assigned, and Naturally Splendid USA assumed, all rights, title and interest in and to a Restated and Amended License Agreement between FSL and Boreal. The License Agreement provides that the licensee has a worldwide license to manufacture, commercialize and sell products based on technology.

Under the terms of the Novation Agreement, Naturally Splendid USA paid $725,000 to Boreal and the Company issued 2,928,571 common shares of the Company valued at the time of closing at $761,528 representing the market value at the date of issuance. The total acquisition cost was $1,486,428 to Full Spectrum Partners, LLLP (an entity controlled by FSL).

The Company will be required to pay to FSL a 4.5% gross revenue royalty. Commencing on November 17, 2016 and each year thereafter, the Company will be obligated to pay a minimum gross revenue royalty of US$1.6 million. Notwithstanding the foregoing, no royalties will be payable to FSL on the first C$1,750,000 of royalties payable under the License Agreement.

The term of the License Agreement is for a period of 10 years and may, at the option of Naturally Splendid USA, be renewed for an additional 5 years.

FSL will have the right to terminate the License Agreement in the event that (i) NSE USA fails to make a payment due under the License Agreement and remains in default of such nonpayment, (ii) NSE USA is in breach of a material term of the License Agreement, (iii) NSE USA becomes insolvent, or (iv) a change of "Control" in NSE USA. "Control" is defined as the issuance of fifty percent (50%) of the issued and outstanding shares of NSE USA.

The Omega and CBD Technology

The Omega Technology and the CBD Technology are comprised of:

(a) on an exclusive basis, (i) the terpene, hemp oil and cannabinoid formulation technology, (ii) the omega formulation technology, (iii) protein formulation technology, (iv) the cannabinoid technology, and (v) the tongkat ali formulations; and
(b) on a non-exclusive basis, (i) the Supercritical CO_2 and plant oil extraction technology, (ii) genetic plant and artificial seed technology, (iii) biosynthesis of cannabinoids, and (iv) liposomal encapsulation of cannabinoid oils. (the "License")

In addition, the Omega Technology and the CBD Technology are comprised of the U.S. Provisional Patent Applications and U.S. Patent Applications set forth below as well as all know-how, intellectual property and standard operating procedures:

Name and Number	*Type*	*Owner*
Cannabis Toxins US 61/817,584 US 61/986,707	US Provisional	Full Spectrum Laboratories Limited
Synthesis of Cannabinoids and Cannabinoid Formulations US 61/770,776 PCT/US14/18944	US Provisional & PCT	Full Spectrum Laboratories Limited
Terpene, Hemp Oil and Cannabinoid Formulations US 61/773,637 US 61/898,024	US Provisional	Full Spectrum Laboratories Limited
Cannabinoid Formulations 13/547,039	US Patent Application	Full Spectrum Laboratories Limited

The Company will market these products only in jurisdictions where such products are legally permitted and in accordance with all regulatory and licensing requirements. Accordingly, the Company will not be marketing these products in Canada unless and until permitted by law, and will comply with any and all applicable regulatory and licensing requirements which may be required at the time such products are permitted.

Furthermore, the Company will not produce, sell or market any products utilizing the CBD Technology until it has obtained a satisfactory opinion on the legality of these products and the acceptance of the TSXV.

Naturally Splendid will focus its resources on selling those products developed utilizing the Omega Technology, such as, HempOmega™.

HempOmega™ and other Powdered Plant Based Omega Oils

Prior to the closing of the Novation Agreement as set forth above, Naturally Splendid, in conjunction with Boreal, investigated a process to commercialize and market powdered plant based omega oils including hemp oil. Unlike powdered hemp protein, powdered hemp seed oil contains all of hemp's omega 3 and 6 essential fatty acids. In 2012 and 2013, the Company and Boreal, in conjunction with funding from the Canadian National Research Council ("NRC") conducted a study to investigate the process of producing and marketing powdered hemp seed oil and to study commercial scale production. This was followed by two sales agreements between the Company and Boreal in 2013. The Exclusive Sales Agreement with Boreal granted the Company access to the full complement of patent pending, plant based omega products created by Boreal at the University of British Columbia on an exclusive basis in Canada and the United States. The products covered in the Exclusive Sales Agreement have been expanded from HempOmega™ and H2Omega™ to now include FlaxOmega™, CanolaOmega™, ChiaOmega™, plant based omega products created from flax, canola and chia. These novel products utilize the same microencapsulation and liposome technologies as HempOmega™ and will also be available in both the powder format and an aqueous solution for increased flexibility in ingredient applications and/or stand-alone products. As the Company has assumed the License Agreement, it has the right to fully exploit, including the right to manufacture, HempOmega™ and H2Omega™ to now include FlaxOmega™, CanolaOmega™, ChiaOmega™.

Naturally Splendid anticipates that it will add HempOmega™ to its products, including flavored proteins and any future product line, to provide them with omega 3 and 6 essential fatty acids. In addition, Naturally Splendid intends to market HempOmega™ as an ingredient to be added to existing commercial products not belonging to Naturally Splendid. Research indicates a significant commercial opportunity in the dairy market and in specific areas such as senior and infant markets and sports nutrition.

On March 11, 2014, the Company announced that Boreal had completed the first pilot scale production run of HempOmega™. The successful completion of this production run allows the Company to now offer commercial sized production quantities. The Company is now also able to start development of additional retail products which will utilize HempOmega™ to compete in the omega nutrition marketplace.

On July 30, 2014, the Company announced that it had ordered the first shipment of HempOmega™. Subsequently, one metric tonne of HempOmega™ was received and, as of the date of this report, is being evaluated by the Company and various third parties as a commercially produced ingredient. This is a necessary step as it demonstrates commercial production of the product in quantities that would meet the needs of potential purchasers.

On September 4, 2014 the Company announced the results of a poultry study conducted at the University of Manitoba, where an increase of 637% in natural omega content as achieved from chickens that consumed HempOmega™ in their feed compared to a current commercial feed product.

On September 11, 2014, and updated on January 28, 2015, the Company announced a service agreement with the Alberta provincial government's Agriculture and Rural Development's Food and Bio Processing Division to determine the efficacy and nutritional benefits of incorporating HempOmega™ in proprietary, private label and ingredient products for the pet food industry. The study is intended to develop pet superfoods fortified with HempOmega. Management is of the opinion that FSTC is the ideal facility to help develop this new product line, and with the assistance of Boreal, the Company hopes to optimize the potential benefits of encapsulation technology in this new pet food line. Funding for this project will come in part from the National Research Council of Canada.

On January 6, 2015 the Company announced a strategic alliance with Nature's Health Products Canada Corp. ("NHPCC"), a member of the POS Group of Companies based in Saskatoon, Saskatchewan, to capitalize on immediate opportunities to sell bulk volumes of HempOmega™ to selected clients. The agreement executed between the two companies is a three year Contractor Agreement, which requires NHPCC will take commercially reasonable measures to:

a. identify opportunities for Naturally Splendid to sell HempOmega™; and
b. introduce Naturally Splendid to potential purchasers of HempOmega™ in order to enable the Company to negotiate and conclude sales agreements with such purchasers.

POS Bio-Sciences, an NHPCC affiliate and contract R&D / custom manufacturer has been working with Boreal for over eighteen months fine tuning the manufacturing process for HempOmega™ to meet Naturally Splendid's strict requirements. NHPCC is a member of the POS Group of Companies and responsible for commercializing internal POS research through ingredient marketing and distribution. Founded in 2012, NHPCC works with global distributors to market POS's internally developed ingredients, as well as helping to link clients who may have mutual interests. POS specializes in extraction, fractionation, purification and modification of bio-based materials. POS conducts a wide range of R&D projects relating to bioprocessing industries such as food ingredients.

On March 30, 2015 the Company announced the signing of a binding letter of agreement ("Agreement") with POS BPC Manufacturing Corp., a wholly owned subsidiary of POS Bio-Sciences (POS), to provide research and development services ("Services") to Naturally Splendid, on an exclusive basis for hemp based research, process and product development, from the date of this Agreement until September 1, 2017. Under the terms of the Agreement, the Company will invest a minimum of CAD $250,000 to retain POS to further develop the plant based omega technologies and products licensed from Full Spectrum Laboratories Limited, specifically targeting the omega oil industry. All intellectual property and products developed by POS, in the course of providing the Services, will be solely owned by the Company. In addition, POS Vice President of Technology, Dr. Rick Green, has been appointed to the Naturally Splendid Advisory Board to provide technological expertise in the area of product development. See Advisory Board, below.

On March 30, 2015 the Company announced the signing of a binding letter of agreement ("Agreement") with POS BPC Manufacturing Corp., a wholly owned subsidiary of POS Bio-Sciences (POS), to provide research and development services ("Services") to Naturally Splendid, on an exclusive basis for hemp based research, process and product development, from the date of this Agreement until September 1, 2017. Under the terms of the Agreement, the Company will invest a minimum of CAD $250,000 to retain POS to further develop the plant based omega technologies and products licensed from Full Spectrum Laboratories Limited, specifically targeting the omega oil industry. All intellectual property and products developed by POS, in the course of providing the Services, will be solely owned by the Company. In addition, POS Vice President of Technology, Dr. Rick Green, has been appointed to the Naturally Splendid Advisory Board to provide technological expertise in the area of product development. See Advisory Board, below.

Branding and Marketing

The number of competitors and the degree of competition within the North American food industry varies greatly by product segment and region. In the hemp food industry, there are a limited number of competitors. These competitors offer a similar range of products as Naturally Splendid.

During 2013 the Company engaged a creative branding and marketing agency to review the Naturally Splendid retail brand, resulting in the rebranded name "NATERA™", for which trademarks were obtained in Canada and the United States. The branding included labels, packaging and marketing materials. A new NATERA™ website and social media campaign was also launched. The official industry launch of

NATERA™ and the new products took place on October 3, 2013 at the Canadian Health Food Association (CHFA) East Tradeshow in Toronto, Ontario.

The NATERA™ products line includes flavoured shelled hemp seeds and flavoured hemp proteins. The Company launched Canada's first single serve flavoured shelled hemp seeds with the introduction of Himalayan Pink Salt and Maple flavours, as well as the original natural flavour. In addition, the Company supplemented its natural hemp protein line with flavoured hemp proteins in chocolate, vanilla, and blackberry pomegranate. Management believes these products have superior nutritional and taste profiles as compared to existing products currently available from competitors.

During the quarter, the Company announced the launch of the new **Pawsitive FX™** line of 100% owned hemp-based pet care products, which consists of three formulations for topical applications as well as three formulated shampoo products.

Naturally Splendid continues to work with various distribution channels, as well as direct store sales and an online presence, marketing the NATERA™ brand and product lines across Canada. During 2013 and subsequently, the Company announced the placement of the rebranded NATERA™ line in all of its major vendor stores, as well as the addition of a number of new chains. During 2014, the Company announced the signing of a number of national distributors, including a distributor for the United States. Management continues to explore further distribution possibilities.

Operations

The Company currently engages outside producers to manufacture and produce its hemp based products. The production process involves manufacturers purchasing hemp seed from farmers they have under contract. Once the product is harvested, it is sent to the various processors for processing into the various hemp products including, shelled hemp seed, hemp protein and hemp oil.

Naturally Splendid then delivers its branding labels to various processors and packagers. Once received, the various processors and co-packers brand the products in accordance with the specifications of Naturally Splendid. Once Naturally Splendid's products have been produced, Naturally Splendid has the products delivered to its office in Burnaby, British Columbia, for direct sales by Naturally Splendid. From there, it is shipped to the various clients.

In developing new hemp based pet food products, Naturally Splendid works with the Alberta Food and Science Technology Center in Brooks, Alberta, which is a division of the Alberta Agriculture and Rural Development, to assist it in product formulation, test batch production and product testing.

During 2013, the Company relocated its operations to a 6,000 square foot facility in Burnaby, BC Canada. The facility is strategically located and provides the Company with all the attributes required to manage the anticipated increased sales and new product lines. During 2014 the Company announced the completion of its warehouse upgrades, including the construction of a packaging facility within the warehouse. The Company anticipates acquiring additional packaging equipment to enhance productivity, reducing costs and recapturing margin on certain products.

On March 30, 2015 the Company announced the signing of a binding letter of agreement with POS BPC Manufacturing Corp., a wholly owned subsidiary of POS Bio-Sciences, to provide research and development services to Naturally Splendid for hemp based research, process and product development. The Company will invest a minimum of CAD $250,000 to retain POS to further develop the plant based omega technologies and products licensed from Full Spectrum Laboratories Limited, specifically targeting the omega oil industry.

On April 25, 2015, the Company entered into a non-binding letter of intent with POS Holdings Corp. ("POS") whereby the Company and POS have agreed to finalize a definitive agreement setting forth the proposed purchase by the Company of 51% of the issued and outstanding shares of POS BPC Manufacturing Corp. As consideration, the Company will pay $1,750,000 and issue $250,000 of common shares of the Company at a price equal to the five day average closing price of the common shares of the Company prior to the date of the letter of intent. The parties have agreed that the Consideration Shares will be escrowed for a period of 12 months. After closing of the transaction, each of POS and the Company will have an equal number of directors of POS BPC Manufacturing Corp, and POS will continue to be the operator of the BPC Facility. The transaction is subject to shareholder and regulatory approval.

Naturally Splendid has retained employees and consultants with specialized skill and knowledge of the distribution and marketing of health food products. These employees and consultants have an understanding of the logistical requirements in distributing health food products to food and specialty retailers.

Colorado Operations

On March 2, 2015, the Company appointed David Racz to the Board of Directors and as President of the Company's 100% owned subsidiary Naturally Splendid USA Ltd., based in Denver, Colorado. Amendment 64 to the Colorado Constitution, passed in November 2012, required the State to implement legislation to regulate the cultivation, processing and sale of industrial hemp. With the passing of the Agricultural Act of 2014, the United States Federal government removed restrictions on the cultivation of industrial hemp within state regulated environments. NSE USA intends to implement a business strategy to leverage the omega and cannabinoid technologies that have been licensed to the NSE USA. The focus will be to introduce the Company to the US market and develop strategic partners in the proper regulatory environments to pursue hemp extracted cannabinoid (CBD) product development. Industrial hemp planting is scheduled to begin in May with an anticipated harvest in September. In anticipation of the September harvest, NSE USA has secured access to hemp processing equipment in Colorado, and management believes that the Company will have sufficient processing capacity at harvest to meet the goals of the Company. Mr. Racz continues to develop valuable relationships with experts in this field to support the strategy of NSE USA.

The Company will market these products only in jurisdictions where such products are legally permitted and in accordance with all regulatory and licensing requirements, and will comply with any and all applicable regulatory and licensing requirements which may be required at the time such products are permitted.

Furthermore, the Company will not produce, sell or market any products utilizing the CBD Technology until it has obtained a satisfactory opinion on the legality of these products and the acceptance of the TSXV.

Advisory Board

During the quarter, the Company announced three additions to the advisory board:

- Mr. Ted McKechnie was appointed to assist the Company with development and marketing strategies for penetrating the $35B global omega market. Mr. McKechnie's primary focus will be to assist management in the marketing and sales of the Company's plant based line of omega products licensed under the recent agreement with Full Spectrum Laboratories (FSL). Mr. McKechnie will utilize his extensive network and relationships in the food and beverage industry to generate sales opportunities as they specifically relate to the omega industry. Additionally, Mr. McKechnie will lend his expertise in the area of wholesale and retail product development, marketing and distribution.

Mr. McKechnie is a senior executive with extensive Board and Senior Management Experience in the consumer goods and service industries. Ted has a proven track record for achieving corporate financial and growth objectives. He has held senior positions with Kraft, General Foods, PepsiCo and Frito Lay, as well as a number of other companies.

- Mr. Douglas Mason to its Corporate Advisory Board. Mr. Mason's primary focus will be to assist management with marketing and sales strategies for the Company's full range of products licensed under the recent agreement with Full Spectrum Laboratories (FSL).

  Mr. Mason serves as a senior officer and director of a number of public companies and has extensive experience in financings and acquisitions in capital markets, raising over $200 million over the past 25 years. He is currently Chairman of the Board and CEO of Waterfront Capital Corporation. From 1998 through 2005, Mr. Mason served as President, Chief Executive Officer and Director of Clearly Canadian Beverage Corporation, a producer of premium beverage products. During his 20 years in the beverage industry, Douglas built a reputation for innovation and has been credited as being one of the pioneers of the New Age Beverage category.

- POS Vice President of Technology, Dr. Rick Green, has also been appointed to the Naturally Splendid Advisory Board to provide technological expertise in the area of product development.

  Dr. Green joined POS Bio-Sciences in 1989. As Vice President of Technology, his responsibilities include supervision of technical staff and oversight of Project Leader activity. Prior to joining the Senior Management Team in 2007, Dr. Green was a Senior Scientist at POS. His technical background includes process development in the area of extraction and purification of specialty oils, protein concentrates, protein isolates and polyphenol compounds. He has also developed numerous food and nutraceutical ingredients for POS clients. In addition to his work at POS, Dr. Green has held Food Scientist positions at food product development centers in Manitoba and Ontario, and the Alberta Honey Producers. He holds a Ph.D. in Food and Bioproduct Sciences from the University of Saskatchewan. Dr. Green is a member of the American Oil Chemists Society, Institute of Food Technology, and the Canadian Institute of Food Science and Technology.

  The Advisory board also includes previous appointees, Mr. Howard Louie and Mr. Donald Wood.

SELECTED ANNUAL INFORMATION

The following table includes information obtained from the audited consolidated financial statements of the Company and from its accounting predecessor. The audited financial statements for these fiscal years were prepared in accordance with International Financial Reporting Standards and are expressed in Canadian dollars

Statements of Loss Data	Year Ended December 31, 2014 (Public Company) ($)	Year Ended December 31, 2013 (Private Company) ($)	Year Ended December 31, 2012 (Private Company) ($)
Total Revenue	234,761	132,578	99.660
Expenses	(2,030,518)	(2,883,367)	(226,934)
Interest Income	2,839	5,722	-
Net Loss	(1,795,757)	(2,745,067)	(127,274)
Basic and Diluted Loss Per Share	(0.06)	(0.11)	(0.01)

Statements of Financial Position Data	As at December 31, 2014 ($)	As at December 31, 2013 ($)	As at December 31, 2012 ($)
Total Assets	748,366	830,560	87,008
Total Liabilities	139,976	199,874	257,133
Total Equity	(608,390)	(630,686)	(170,125)

SUMMARY OF QUARTERLY RESULTS

Certain comparative information has been restated to reflect the presentation in the financial statements for the current period. All periods listed below were prepared in accordance with International Financial Reporting Standards and are expressed in Canadian dollars.

	Three months ended			
Canadian $ - IFRS	**March 31, 2015**	**Dec. 31, 2014**	**Sept. 30, 2014**	**June 30, 2014**
	Q1 - 2015	Q4 -2014	Q3 -2014	Q2 -2014
Total Revenue	39,493	28,798	66,232	68,056
Gross Margin (loss)	6,877	11,716	(11,254)	27,497
Loss (income) from operations	1,335,007	394,495	556,679	370,753
Loss & Comprehensive Loss	1,299,803	413,985	529,721	377,756
Basic and diluted loss per share	0.03	0.015	0.015	0.01

	Three months ended			
Canadian $ - IFRS	**March 31, 2014**	**Dec. 31, 2013**	**Sept. 30, 2013**	**June 30, 2013**
	Q1 - 2014	Q4 - 2013	Q3 - 2013	Q2 - 2013
Total Revenue	71,675	55,800	17,366	43,421
Gross Margin	13,710	(332)	6,962	13,838
Loss from operations	474,640	326,806	414,847	285,494
Loss & Comprehensive Loss	474,295	326,721	410,764	275,056
Basic and diluted loss per share	0.02	0.01	0.02	0.01

DISCUSSION OF OPERATIONS

Revenue

Revenue during the three month period ended March 31, 2015 was $39,493 (2014: $71,675). The Company believes this decrease is the result of the timing of purchases by its principal clients and distributors. Another significant factor is management's focus on the acquisitions noted elsewhere in this discussion, as well as an emphasis on hemp based technologies and the launch of Pawsitive FX™.

Costs of Sales and Gross Profit

Cost of Sales was $32,616 during the quarter, compared to $57,965 in 2014. This reflects the lower sales during the current quarter compared to the previous year. Accordingly, gross profit was $6,877 compared to Q1 2014 results of $13,710.

Selling and Distribution Expenses

Selling and Distribution Expenses in Q1 2015 were $68,811 compared to $60,001 in Q1 2014. Commissions were nominal at $nil (2014: $456). Product development costs increased to $16,674 (2014: $3,420) as management expected due to the development of new product lines. Salaries and wages were also higher at $25,749 (2014: $14,431) due to increased in-house production. Product promotion costs were also down in the period to$26,388 (2014: $41,694). This reflects a transition away from trade shows and product giveaways to potential distributors and customers towards price promotions on sales to distributors.

Administrative Expenses

Administrative expenses were higher during Q1 2015 as a result of increased business activities and certain other activities, most notably the issuance of stock options incurring stock based compensation expense :

Accounting and audit fees were comparable at $9,800 (2014: $8,679). This reflects the increased cost of operations for a growing public company;

Amortization of $8,273 (2014: $6,240) reflects the increase in assets of the Company over the previous comparable quarter;

Consulting fees of $167,352 (2014: $10,500) represent a significant increase. These were incurred as the Company seeks to further its operations and acquisitions using outside consultants to assist in its growth and to meet specific plans discussed elsewhere in this document;

Legal fees of $21,009 (2014: $3,044) are as a result of the extensive documentation and filings required to complete the applications and proposed acquisitions described elsewhere in this document;

Management fees were comparable at $69,279 for Q1 2015 (2014: $66,000);

Office and general of $92,557 (2014: $46,291) reflects the cost of the warehouse premises, the addition of administrative staff, salary increases granted in late 2014 and the general increase in costs as company engaged in expanding its products and operations;

Promotion decreased to $62,299 (2014 $101,075) due to the timing of promotional activities;

Share based payments of $792,980 (2014: $169,342) represent the estimated cost of the issuance of stock options during the respective quarters. The amount of expense is determined by the number of options issued in the period as well as the market price of the Company's shares which result in volatility, which is among other factors, one of the key assumptions used in the Black-Scholes option pricing model.

Transfer agent and filing fees of $26,444 (2014: $13,398) reflect the extent of exercises of warrants and options due to the increased share price of the Company's common shares, as well as corporate filings;

Travel of $20,778 (2014 $3,340) reflects increased activity due to the proposed acquisitions.

Cash flows for Q1 2015 increased by $959,342 as a result of the issuance of common shares due to the exercise of warrants and the completion of a financing. During Q1 2014, cash decreased by $133,563. The Company completed a financing in Q1 2015 to provide additional working capital.

LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 2015 the Company had cash of $984,746 (December 31, 2014: $25,404) and working capital of $1,903,150 (December 31, 2014: $500,761).

During the three-month period ended March 31, 2015, the Company completed the following transactions:

- 7,388,582 units were issued at a price of $0.25 per unit for gross proceeds of $1,847,132. Each unit was comprised of one common share of the Company and one-half common share purchase warrant ("Warrant"), with each full Warrant entitling the holder to purchase one additional common share at $0.40 per share for a period of two years from the date of the issue. The Company will have the right to accelerate the expiry date of the Warrants if, at any time, the volume weighted average price of the Company's common shares is equal to, or greater than $0.50 for 10 consecutive trading days. In the event of acceleration, the expiry date will be accelerated to a date that is 30 days after the Company issues a news release announcing that it has elected to exercise this acceleration right. The Company paid finders cash commissions totaling $36,720 and issued a finder 146,880 non-transferable warrants. Each finder's warrant is exercisable on the same terms as the Warrants described above.
- 2,928,571 common shares of the Company were issued and recorded at its fair value of C$761,428 to acquire technology. See Note 7 to the financial statements for a detailed discussion of the accounting for this transaction.
- 640,000 common shares were issued upon the exercise of 640,000 options at a price of $0.19 - $0.20 per share, for gross proceeds of $123,000.
- 2,625,806 common shares upon the exercise of 2,625,806 warrants at a price of $0.25 and $0.30 per share for gross proceeds of $721,645.

On May 12, 2015, the Company announced a proposed private placement offering of a minimum of 3,000,000 units (the "Units") up to a maximum of 6,000,000 Units at a price of $0.50 per Unit for minimum gross proceeds of $1,500,000 and up to maximum gross proceeds of $3,000,000 (the "Offering").

Each Unit will be comprised of one common share of Naturally Splendid and one-half of one common share purchase warrant ("Warrant"), with each whole Warrant entitling the holder to purchase one additional common share at $0.75 per share for a period of two years from the date of the issue. The Company will have the right to accelerate the expiry date of the Warrants if, at any time, the average closing price of Naturally Splendid's common shares is equal to or greater than $1.00 for 10 consecutive trading days. In the event of acceleration, the expiry date will be accelerated to a date that is 30 days after Naturally Splendid issues a news release announcing that it has elected to exercise this acceleration right.

The Offering will be completed to "accredited investors" pursuant to National Instrument 45-106 – Prospectus and Registration Exemptions ("NI 45-106") and to existing security holders pursuant to BC Instrument 45-534 – Exemption from prospectus requirement from certain trades to existing security holders ("BCI 45-534"). The Offering of securities pursuant to 45-534 is being made to existing security holders who held shares of Naturally Splendid on May 8, 2015 (the "Record Date").

Naturally Splendid plans to use the gross proceeds of the Offering as follows:

	Minimum Gross Proceeds ($)	Maximum Gross Proceeds ($)
Product Development	1,000,000	2,000,000
General Corporate Purposes	500,000	1,000,000
Total	1,500,000	3,000,000

In the event that the Company receives subscriptions above the maximum, the Company will adjust the subscriptions received on a pro-rata basis. Subject to TSX Venture Exchange approval, the Company may pay finders a fee consisting of cash and warrants from the proceeds of the proposed Offering. Closing of the proposed Offering is subject to the approval of the TSX Venture Exchange.

The Company's future capital requirements will depend upon many factors including, without limitation, consumer demand, raw material supply and prices and costs of sales. Since the Company expects to generate limited revenues from operations in the near future, it must continue to rely upon the sale of its equity and debt securities to raise capital, which would result in further dilution to the shareholders. There is no assurance that financing, whether debt or equity, will be available to the Company in the amount required by it at any particular time or for any period and that such financing can be obtained on terms satisfactory to it or at all.

Subsequent to the quarter end the Company:

- issued 1,087,375 shares as a result of the exercise of 1,087,375 warrants at prices ranging from $0.25 to $0.30, for gross proceeds of $280,963, and

- closed the initial tranche of its previously announced private placement financing by issuing a total of 3,257,300 units (the "Units") for gross proceeds of $1,628,650. Each Unit is comprised of one common share of Naturally Splendid and one-half of one common share purchase warrant ("Warrant"), with each whole Warrant entitling the holder to purchase one additional common share at $0.75 per share for a period of two years from the date of the issue. Naturally Splendid will have the right to accelerate the expiry date of the Warrants if, at any time, the average closing price of Naturally Splendid's common shares is equal to or greater than $1.00 for 10 consecutive trading days. In the event of acceleration, the expiry date will be accelerated to a date that is 30 days after Naturally Splendid issues a news release announcing that it has elected to exercise this acceleration right. In connection with the initial tranche of the financing, Naturally Splendid paid finders a cash commission totaling $36,532 and issued a total of 73,064 finder's warrants. Each finder's warrant is on the same terms as the Warrants. The securities issued under the financing will be subject to a hold period expiring on September 29, 2015 pursuant to applicable securities laws and the rules of the TSX Venture Exchange.

OFF BALANCE SHEET ARRANGEMENTS

The Company has not engaged in off-balance sheet arrangements.

TRANSACTIONS BETWEEN RELATED PARTIES

The remuneration of directors and other members of key management for the three-month period ended March 31 were as follows:

	2015 $	2014 $
Management fees	69,279	66,000
Consulting fees paid to a company owned by a director	10,500	10,500
Share-based payments (Note 13)	502,865	131,716
	582,644	208,216

Management fees are paid to the Chief Executive Officer, Vice President Operations and a professional consulting company controlled by the Chief Financial Officer. Consulting fees were paid to a company controlled by a director in his capacity as an agricultural industry expert and consultant.

Key management personnel were not paid post-employment benefits, termination benefits or other long-term benefits during the period.

CHANGES IN ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

The Company has adopted new accounting standards effective January 1, 2015. Please refer to note 3 in the annual audited financial statements for the year ended December 31, 2014 for a detailed discussion of accounting policies and estimates. There were no effect from the adoption of these standards.

FINANCIAL INSTRUMENTS

Categories of financial instruments

	March 31, 2015 $	December 31, 2014 $
FINANCIAL ASSETS		
Fair value through profit or loss, at fair value		
Cash	984,746	25,404
Loans and receivables, at amortized cost		
Trade and other receivables	49,110	44,699
Restricted cash	17,310	17,310
Total financial assets	1,051,166	87,413
FINANCIAL LIABILITIES		
Other liabilities, at amortized cost		
Trade and other payables	110,260	126,882
Total financial liabilities	110,260	126,882

Fair value

The fair value of financial assets and financial liabilities at amortized cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions. The Company considers the carrying amounts of all its financial assets and financial liabilities recognized at amortized cost in these condensed consolidated interim financial statements to approximate their fair values due to the short-term maturity of these instruments.

Management of financial risks

The Company examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of these risks. These risks arise from the normal course of operations and all transactions undertaken are to support the Company's ability to continue as a going concern. Management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below.

Credit risk
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Financial instruments that potentially subject the Company to credit risk consist of cash and trade receivables. The Company deposits cash with major Canadian commercial banks. In order to reduce its credit risk in relation to trade receivables, the Company has adopted credit policies that include the analysis of the financial position of its customers and the regular review of their respective credit limits.

Liquidity risk
Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they become due.

The Company is reliant upon equity issuances and loans as its main sources of cash. The Company manages liquidity risk by maintaining an adequate level of cash to meet its ongoing obligations. The Company continuously reviews its actual expenditures, forecasts cash flows and matches the maturity dates of its cash to capital and operating needs.

The Company has been successful in raising financing in the past; however, there is no assurance that it will be able to do so in the future. As at March 31, 2015, the Company had working capital of $1,903,150 (December 31, 2014 - $500,761).

Other risk
Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or other risk.

The Company does not hold or issue financial instruments for trading purposes, nor does it utilize derivative instruments in the management of foreign currency, commodity price or interest rate market risks.

OUTSTANDING SHARE DATA

As of the date of this management discussion and analysis, the following securities of the Company were outstanding:

Type of Security	March 31, 2015	Date of Report
Issued and outstanding common shares	50,241,958	54,586,633
Warrants exercisable at $0.25 issued under private placement (1)	1,360,713	455,713
Warrants exercisable at $0.30 issued under private placement (2)	2,192,985	2,108,700
Agent's warrants exercisable at $0.30 per common share(2)	307,550	209,410
Warrants exercisable at $0.40 issued under private placement (3)	3,694,291	3,694,291
Agent's warrants exercisable at $0.40 per common share(3)	146,880	146,880
Warrants exercisable at $0.75 issued under private placement (4)	-	1,628,650
Stock options exercisable	3,819,750	3,819,750
Fully diluted shares	61,764,077	66,650,027

Notes:
(1) Each warrant was exercisable at $0.25 per share until November 1, 2015.
(2) Each warrant was exercisable at $0.30 per share until April 28, 2016.
(3) Each warrant was exercisable at $0.40 per share until February 27, 2017.
(4) Each warrant was exercisable at $0.75 per share until May 29, 2017

On March 23, 2015, the Company issued 2.05 million stock options to officers, directors, employees and consultants of the Company for a period of five years, expiring March 5, 2020 and exercisable at a price of $0.40. Subsequent to the quarter end year end, the Company issued 1,087,375 shares as a result of the exercise of 1,087,375 warrants at prices ranging from $0.25 to $0.30 for gross proceeds of $280,963.

FURTHER INFORMATION

Risk Factors

An investment in the Company is speculative and involves a high degree of risk. Accordingly, prospective investors should carefully consider the specific risk factors set out below, in addition to the other information contained in this document, before making any decision to invest in the Company. The directors consider the following risks and other factors to be the most significant for potential investors in the Company, but the risks listed do not necessarily comprise all those associated with an investment in the Company and are not set out in any particular order of priority. Additional risks and uncertainties not currently known to the directors may also have an adverse effect on the Company's business.

Limited Operating History

Although the Company earns revenues, the Company has not been profitable to date and there is no assurance that it will do so in the future. The Company's business operations are at an early stage and its success will be largely dependent upon its ability to market its products, increase sales and, if warranted, develop new products. There is no assurance that the Company will be successful in its ability to increase sales and develop new products.

Additional Requirements for Capital

Substantial additional financing may be required if the Company is to be successful develop its business. No assurances can be given that the Company will be able to raise the additional capital that it may require for its anticipated future development. Any additional equity financing may be dilutive to investors and debt financing, if available, may involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company, if at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion.

Management of Growth

The Company may be subject to growth-related risks including pressure on its internal systems and controls. The Company's ability to manage its growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth could have a material adverse impact on its business, operations and prospects. While management believes that it will have made the necessary investments in infrastructure to process anticipated volume increases in the short term, the Company may experience growth in the number of its employees and the scope of its operating and financial systems, resulting in increased responsibilities for the Company's personnel, the hiring of additional personnel and, in general, higher levels of operating expenses. In order to manage its current operations and any future growth effectively, the Company will also need to continue to implement and improve its operational, financial and management information systems and to hire, train, motivate, manage and retain its employees. There can be no assurance that the Company will be able to manage such growth effectively, that its management, personnel or systems will be adequate to support the Company's operations or that the Company will be able to achieve the increased levels of revenue commensurate with the increased levels of operating expenses associated with this growth.

Success of Products is Dependent on Public Taste

The Company's revenues are substantially dependent on the success of its products, which depends upon, among other matters, pronounced and rapidly changing public tastes, factors which are difficult to predict and over which the Company has little, if any, control. A significant shift in consumer demand away from the Company's products or its failure to expand its current market position will harm its business. Consumer trends change based on a number of possible factors, including nutritional values, a change in consumer preferences or general economic conditions. Additionally, there is as a growing movement among some consumers to buy local food products in an attempt to reduce the carbon footprint associated with transporting food products from longer distances, and this could result in a decrease in the demand for food products and ingredients that the Company imports from western Canadian region. These changes could lead to, among other things, reduced demand and price decreases, which could have a material adverse effect on the Company's business.

Raw Materials

The Company's products are derived from hemp. Accordingly, the Company and/or its manufacturers must acquire sufficient hemp so that the products can be produced to meet the demand of its customers. A hemp shortage could result in loss of sales and damage to the Company. In April 2015, the Company entered into a hemp supply agreement whereby it agreed to purchase a minimum of 3,000,000 pounds of bulk industrial hemp seed. Even though the Company anticipates that this will allow it to meet its demand until 2017, the Company may be required to source other industrial hemp producers in the event that consumer demand increase. Also, if the Company and/or its manufacturers become unable to acquire commercial quality hemp on a timely basis and at commercially reasonable prices, and are unable to find one or more replacement suppliers with the regulatory approvals to produce hemp at a substantially equivalent cost, in substantially equivalent volumes and quality, and on a timely basis, the Company will likely be unable to meet customer demand.

Limited Number of Products

The Company is heavily reliant on the production and distribution of hemp and related products. If they do not achieve sufficient market acceptance, it will be difficult for us to achieve consistent profitability.

The Company's revenue is derived exclusively from sales of hemp based products, and the Company expects that its hemp based products will account for substantially all of its revenue for the foreseeable future. If the hemp market declines or hemp fails to achieve substantially greater market acceptance than it currently enjoys, the Company will not be able to grow its revenues sufficiently for it to achieve consistent profitability.

Even if products to be distributed by the Company conform to international safety and quality standards, sales could be adversely affected if consumers in target markets lose confidence in the safety, efficacy, and quality of hemp. Adverse publicity about hemp based products that the Company sells may discourage consumers from buying products distributed by the Company.

Consumer Perception of Hemp

The Company is highly dependent upon consumer perception of hemp and hemp based products. Hemp is a term reserved for low tetrahydrocannabinol ("THC") strains of the cannabis plant. Accordingly, the public may associate hemp with high TCH cannabis plants, which are prohibited substances. Additional negative perception also occurs due to the fact that some countries, including the United States, prohibit the growing of the hemp plant even though consumption of hemp-based food products is allowed. The

Company's revenues may be negatively impacted due to the fact the market does not fully accept hemp as a food product.

Brand Awareness

Historically, the Company's products were primarily sold in British Columbia and Alberta. In 2014, the Company signed with two national distributors to focus on its marketing and distribution across Canada. As the Company is in the initial stages of marketing and distributing across Canada, brand awareness has not been achieved. The Company's efforts to enter the United States market are in the formulation stage, there is no assurance that it will be able to achieve brand awareness across Canada, or to successfully enter the United States with its brands and products. In addition, the Company must develop successful marketing, promotional and sales programs in order to sell its products. If the Company is not able to develop successful marketing, promotional and sales programs, then such failure will have a material adverse effect on the business, financial condition and operating results.

Development of New Products

The Company's success will depend, in part, on its ability to develop, introduce and market new and innovative products. In the event that there is a shift in consumer demand, the Company must meet such demand through new and innovative products or else its business will fail. The Company's ability to develop, market and produce new products is subject to it having substantial capital. There is no assurance that the Company will be able to develop new and innovative products or have the capital necessary to develop such products.

Dependence on Management Team

The Company will depend on certain key senior managers to oversee the core marketing, business development, operational and fund raising activities and who have developed key relationships in the industry. Their loss or departure in the short-term would have an adverse effect on the Company's future performance.

Reliance on Third Party Manufacturers

The Company relies on outside sources to manufacture its products. The failure of such third party manufacturers to deliver either components or finished goods on a timely basis could have a material adverse effect on the business. The Company does not intend to develop its own manufacturing capacity in the short term. As these are third parties over which the Company will have little or no control, the failure of such third parties to provide components or finished goods on a timely basis could have a material adverse effect on the business, financial condition and operating results.

Reliance on Distributors and Key Customers

We do not sell our products directly to end customers. Instead, we will rely on third-party distributors for the sale and distribution of our products. We plan to sell our products through an extensive regional sales and distribution network throughout Canada. To the extent that our distributors are distracted from selling our products or do not expend sufficient efforts in managing and selling our products, our sales will be adversely affected. Our ability to maintain our distribution network and attract additional distributors will depend on a number of factors, many of which are outside of our control. Some of these factors include: (i) the level of demand for our brand and products in a particular distribution area; (ii) our ability to price our products at levels competitive with those offered by competing products and (iii) our ability to deliver products in the quantity and at the time ordered by distributors.

A significant portion of the Company's revenues have come from three large customers. In 2014, these customers represented 64% of all sales. While the Company will seek to diversify its customer base, the loss of any one of its large customers will result in a material adverse effect on the Company's business and may adversely affect revenues going forward.

Development of Generic In-House Brands

Large retail stores often develop in-house generic brands when name brand products have been successful. The Company currently distributes a significant portion of its products to large retail stores. As a result of generic brand competition, these stores could cause the Company to lose a significant portion of its sales in a very short period of time.

Product Liability Insurance

The Company carries limited product liability insurance coverage. Even though the Company is not aware of any product liability claims at this time, the Company's business exposes it to potential product liability, recalls and other liability risks that are inherent in the sale of food products. The Company can provide no assurance that such potential claims will not be asserted against it. A successful liability claim or series of claims brought against the Company could have a material adverse effect on its business, financial condition and results of operations.

Although the Company reviews its insurance coverage with its agent and internally, and it believes it has adequate product liability insurance, the Company cannot provide any assurances that it will be able to obtain or maintain adequate product liability insurance on acceptable terms, if at all, or that such insurance will provide adequate coverage against potential liabilities. Claims or losses in excess of any product liability cover that may be obtained by the Company could have a material adverse effect on its business, financial conditional and results of operations.

Product Recall

The sale of products for human consumption involves inherent risks. The Company could decide to, or be required to, recall products due to suspected or confirmed contamination or product tampering. A product recall could adversely affect product sales financial condition and results of operation as well as the Company's general reputation in the industry.

Trademark Protection

The Company currently has obtained trademarks on ""Naturally Splendid", "NATERA", "Taking Responsibility for Your Health", "Your Health is Serious", "It's For Everybody" as well as the "NS" and "NATERA" design. The loss of any of these trademarks could require the Company to rebrand its products resulting in a material adverse impact on its business.

Patent Infringement

While the Company believes that its products and operations do not violate the intellectual property rights of third parties, other parties could bring legal actions against the Company claiming damages and seeking to enjoin the manufacture, sale and distribution of the Company's products for allegedly conflicting with patents held by them. Any such litigation could result in substantial cost to the Company and diversion of effort by its management and technical personnel. If any such actions are successful, in addition to any potential liability for damages, the Company could be required to obtain a license in order to continue to market the affected products. There can be no assurance that the Company would prevail in such action or that any license required under any such patent would be available on acceptable terms, if at all. Failure to obtain needed patents, licenses or proprietary information held by others may have material adverse effect on the Company's business. In addition, if the Company were to become involved in such litigation, it could consume a substantial portion of the Company's time and resources.

Minimum Royalty Payment

The License Agreement provides that Naturally Splendid USA will be required to pay to FSL, on a quarterly basis, a 4.5% gross revenue royalty (the "Royalty"). For each year after the second anniversary of the License Agreement, Naturally Splendid USA will be required to pay a minimum Royalty of USD $1.6 million (the "Minimum Royalty"). The License Agreement provides that no Royalties will be payable to FSL on the first $1,750,000 of royalties payable under the License Agreement. Therefore, in the event that no revenues are earned under the License Agreement, the Minimum Royalty provision will not apply until November 17, 2018. If the Company is unable to have sufficient funds to pay the Minimum Royalty Payment, FSL may terminate the License Agreement and the Company will lose its interest in the Hemp Oil and CBD Technologies.

Government Regulation

The processing, manufacturing, packaging, labeling, advertising and distribution of the Company's products is subject to regulation by one or more federal agencies, and various agencies of the provinces and localities in which our products are sold. These government regulatory agencies may attempt to regulate any of our products that fall within their jurisdiction. Such regulatory agencies may not accept the evidence of safety for any new ingredients that the Company may want to market, may determine that a particular product or product ingredient presents an unacceptable health risk and may determine that a particular statement of nutritional support that we want to use is an unacceptable claim. Such a determination would prevent the Company from marketing particular products or using certain statements of nutritional support on its products. The Company also may be unable to disseminate third-party literature that supports its products if the third-party literature fails to satisfy certain requirements.

In addition, a government regulatory agency could require the Company to remove a particular product from the market. Any future recall or removal would result in additional costs to the Company, including lost revenues from any products that we are required to remove from the market, any of which could be material. Any such product recalls or removals could lead to liability, substantial costs and reduced growth prospects.

Government Regulation relating to the CBD Technology

If the Company elects to produce, sell or market any products utilizing the CBD Technology after it has obtained a satisfactory opinion on the legality of these products and the acceptance of the TSXV, it will be subject to variety laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of CBD products in the United States.

Currently, thirteen states in the United States allow the limited use of low THC CBD oil. There is no assurance that these states will not reverse their position on the use of CBDs. Although CBDs are not specifically set forth in the schedule of prohibited substances in the Controlled Substances Act (United States), the Drug Enforcement Agency has asserted authority to regulate the use of CBDs. Until such time as U.S. Federal law clarifies the position on the use of CBDs, the Company may be unable to sell any products utilizing the CBD Technology.

Competition

The Company faces competition in the markets in which it operates. Some of the Company’s competitors may also be better positioned to develop superior product features and technological innovations and able to better adapt to market trends than the Company. The Company’s ability to compete depends on, among other things, high product quality, short lead-time, timely delivery, competitive pricing, range of product offerings and superior customer service and support. Increased competition may require the Company to reduce prices or increase costs and may have a material adverse effect on its financial condition and results of operations. Any decrease in the quality of the Company’s products or level of service to customers or any occurrence of a price war among the Company’s competitors and the Company may adversely affect the business and results of operations.

Product Liability Claims

The Company may be required to pay for losses or injuries purportedly or actually caused by its products. Historically, there have been no product liability claims; however, there is no assurance that this trend will continue in the future. In the event that the Company’s products are found to cause any injury or damage, the Company will be subject to substantial liability. This liability may exceed the funds available by the Company and result in the failure of its business.

Global Economic Conditions

Current global economic conditions could have a negative effect on the Company’s business and results of operations. Economic activity in North America and throughout much of the world has undergone a sudden, sharp economic downturn following the recent housing downturn and subprime lending collapse in both the United States and Europe. Market disruptions have included extreme volatility in securities prices, as well as severely diminished liquidity and credit availability. The economic crisis may adversely affect the Company in a variety of ways. Access to lines of credit or the capital markets may be severely restricted, which may preclude the Company from raising funds required for operations and to fund continued expansion. It may be more difficult for the Company to complete strategic transaction with third parties. The financial and credit market turmoil could also negatively impact suppliers, customers and banks with whom the Company does business. Such developments could decrease the Company’s ability to source, produce and distribute its products or obtain financing and could expose it to risk that one of its suppliers, customers or banks will be unable to meet their obligations under agreements with them.

While it is not possible to predict with certainty the duration or severity of the current disruption in financial and credit markets, if economic conditions continue to worsen, it is possible these factors could significantly impact the Company’s financial conditions.

Smaller Companies

Market perception of junior companies may change, potentially affecting the value of investors’ holdings and the ability of the Company to raise further funds through the issue of further common shares or otherwise. The share price of publicly traded smaller companies can be highly volatile. The value of the common shares may go down as well as up and, in particular, the share price may be subject to sudden and large falls in value given the restricted marketability of the common shares.

Forward Looking Statements

Certain statements contained in this management discussion and analysis constitute "forward-looking statements." These statements, identified by words such as "plan," "anticipate," "believe," "estimate," "should," "expect" and similar expressions include our expectations and objectives regarding our future financial position, operating results and business strategy. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of the Issuer to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, general business, economic, competitive, political and social uncertainties; lack of brand awareness; dependence on consumer taste; reliance on third party suppliers and third party distributors; limited operating history of the Company; market fluctuations; potential product liability claims and retention of key personnel, as well as those factors discussed in the section titled "*Risk Factors*" above.

Forward looking statements are based on a number of material factors and assumptions, including consumer buying patterns will increase in specialty and grocery stores, economic conditions in Canada will continue to show modest improvement in the near to medium future, the average cost of whole hemp seed will fluctuate in line with historical trends, no material change to competitive environment in the distribution of hemp-based food additives and supplements, the Company will be able to access sufficient qualified staff, there will be no material changes with the Company's larger customers and there will be no material changes to the tax and other regulatory requirements governing the Company. While the Company considers these assumptions may be reasonable based on information currently available to it, these assumptions may prove to be incorrect. Actual results may vary from such forward-looking information for a variety of reasons, including but not limited to risks and uncertainties disclosed in the section titled "*Risk Factors*" above.

The Company intends to discuss in its quarterly and annual reports any events or circumstances that occurred during the period to which such documents relate that are reasonably likely to cause actual events or circumstances to differ materially from those disclosed in this Filing Statement. New factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of each such factor on our business or the extent to which any factor, or combination of such factors, may cause actual results to differ materially from those contained in any forwarding looking statement.

The Company advises you to carefully review the reports and documents we file from time to time with the applicable securities commissions.

Additional Information relating to the Company can be found on SEDAR at www.sedar.com.