NATURALLY SPLENDID ENTERPRISES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended

December 31, 2017

This Management's Discussion and Analysis ("MD&A") for Naturally Splendid Enterprises Ltd. ("Naturally Splendid" or the "Company") has been prepared as of April 27, 2018. It should be read in conjunction with the audited financial statement of the Company for the year ended December 31, 2017 and related notes thereto, which have been prepared in accordance with International Financial Reporting Standards, ("IFRS") as issued by the International Accounting Standards Board. All dollar figures stated herein are expressed in Canadian dollars, unless otherwise specified. Additional information relating to the Company is available on SEDAR at www.sedar.com.

Statements in this MD&A that are not historical facts are "forward-looking statements" that are subject to risk factors set out in a cautionary note contained herein. Readers are cautioned not to put undue reliance on forward-looking statements

COMPANY OVERVIEW

Naturally Splendid is in the business of distributing grain-based super foods and health products for humans and pets. While most distribution has historically and continues to be in Canada, the Company has expanded its distribution network into the United States in 2015, into Korea in 2016 and in 2017 has shipped products into Germany, Japan and Australia. In 2015, the Company acquired Chi Hemp Industries Inc. ("Chi"), an online hemp product marketing company.

Also in 2015, the Company acquired 51% of POS BPC Manufacturing Corp. ("BPC"), a company which operates a 12,000 square foot facility capable of processing a variety of products including the suite of plant-based omega technologies such as HempOmega™. In February 2018 the Company sold its 51% share in BPC to BPC's other shareholder for $3.54 million in cash and recorded a gain of $1.6 million on the sale.

On October 18, 2017, the Company acquired 100% of Prosnack Natural Foods Inc. ("Prosnack"), a producer of Elevate Me™ energy bars and products as well as private label foods and related production equipment. The Company paid $278,499 by way of 1,345,752 common shares of the Company, $101,000 in cash and has agreed to pay up to $1.2 million over the next five years if the Prosnack sales combined with the Company's North American retail sales exceed certain escalating sales targets, starting at an initial threshold of $3.25 million for 2018. If sales in any year exceed the sales target, the former Prosnack shareholders will receive 25% of the sales above that target, up to a cumulative maximum of $1.2 million. Prosnacks results are consolidated with the Company's results from the date of acquisition.

The development of protein isolate, hemp omega and CBD products continues to be the key focus of the Company as these are introduced with innovative products and formulations in several marketing sectors such as retail, health practitioners, food service, ecommerce and pets.

The Company's common shares are listed on the TSX Venture Exchange under the symbol "NSP" and on the Frankfurt Stock Exchange under the symbol "50N". The Company is also quoted on the US OTCQB board under the symbol "NSPDF"

INTERNATIONAL SALES

South Korea

There has been limited activity in bulk hemp seed sales since August when one container was sold bringing our total sales to three containers in 2017. Current market trends and pricing has demonstrated severe margin reductions and an over supply of hemp seeds in S. Korea. We continue to maintain relations with our distributors as this mature market has consumer demand in other hemp based products and NSE will be opportunistic and well-positioned to provide products that suit the market's needs.

Germany
Sales continue via the ecommerce platform now that NATERA is active in the German market. Advertising and promotion activities are being developed to build more awareness and generate sales opportunities.

Japan
The Company has invested nine months of research and due diligence to gain access to the Japanese CBD market. This vital and necessary process cannot be circumvented in order to have orderly and lawful approval of our products. By persevering, the Company hopes to secure a sales base and access to this lucrative market. The complexity and due diligence required is a competitive advantage and is critically dependent on the Importer/Distributor selected to lead this process. Working with our Importer/Distributor who developed our custom designed NATERA website and two ecommerce platforms - Rakuten and Amazon, the company is preparing to launch four sku's of capsules in the near future. Additional products containing CBD, Hemp omega and hemp protein are currently underway. It is the Company's aim to have 2-4 products launched each quarter with the understanding that Japanese consumers are very loyal and discriminating; thus, sales will build over a longer period of time versus S. Korea and hopefully with more sustained duration and margin preservation.

The Company will market the CBD 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.

Australia
During 2017 the Company developed its relationship with a major distributor with access to five key market segments; Veterinarians, Retail, Food Service, Health Practitioners and Ecommerce and on November 9 completed its first shipment to Australia for approximately $136,000. On November 12, 2017, Australia began permitting the legal importation of hemp products for human consumption for the first time in their country's history. The Company is making preparations to market its NATERA and Elevate Me brands of products (hemp seeds & hemp protein conventional and organic and bars) to satisfy three of the five sectors as an initial launch; allowing for market research, customer acceptance and development of logistical elements to prepare for further key market segment penetration and product introductions. It is anticipated that Australia will replace some of the lost sales in S. Korea but with improved margins and establish the NATERA brand "down under."

New Zealand
Hemp products will be legally permitted to enter by July 2018. NSE is developing relationships to synergize logistics and introduce the NATERA brand to the country.

DOMESTIC SALES

In Canada, the Company has focused on retail sales with the Overwaitea Food Group ("OWFG") and other major retailers and has steadily increased the number of stores and in-store sales since March 2017. The NATERA brand is now present in over 60 OWFG locations in BC, combined with Donald's Markets, IGA and Urban Fare stores. With the addition of Alan Maddox, former President of Prosnack and now our Executive VP Sales & Marketing, his focus will cover both NSE and Prosnack sales & marketing activities, building national business opportunities, leveraging the Prosnack relationship based on products currently sold in over 1,400 stores across Canada. The NATERA brand has never had such diverse exposure in its history and hopes to be a significant competitor on retail shelves.

BIOTECHNOLOGY & INNOVATION

The Protein Isolate, HempOmega™ and CBD Technologies are comprised of numerous exclusive and non-exclusive agreements, U.S. Provisional Patent Applications and U.S. Patent Applications, as well as all know-how, intellectual property and standard operating procedures related thereto. Naturally Splendid will focus its resources on selling products developed utilizing the Omega Technology, such as HempOmega powder and HempOmega emulsion.

HempOmega™
Naturally Splendid is marketing HempOmega™ as an ingredient to the NATERA Pro 3-6-9 hemp protein, a functional beverage for athletic clients. NATERA Pro 3-6-9 was launched at the CHFA in August 2017.

Cannature - Cannadyne is providing guidance and direction in formulation development and working with Cannature on product samples. Cannadyne is a formulation and innovation development team that creates specialized formulations incorporating the Company's biotechnology, primarily for the Health Practitioner market segment.

Hemp Protein Isolate
In September 2017, NSE received a provisional patent for hemp protein >80%. The significance of this development is as a possible replacement to other protein sources (whey, soy and pea) in the energy beverage and nutritional health sector. Samples for distribution to interested clients are planned in Q4 together with continued research in applications for this ingredient through federal funding by way of a partnership with the Protien Industry Cluster, a Canada wide research funding program and on-going independent work with Cannadyne.

The Company has completed preliminary work formulating beverages utilizing HempOmega™ and will now continue R&D into the utilization of our hemp protein isolate into functional and sports beverages. As regulations allow for CBD fortification, the Company will further expand the R&D program.

OPERATIONS - PROSNACK ACQUISITION

On October 18, 2017, the Company acquired 100% of the issued and outstanding shares of Prosnack. Prosnack is a company that distributes lifestyle and healthy meal replacement products throughout North America. Under the terms of the agreement, the Company paid $101,000 cash and issued 1,098,901 common shares with a fair value of $200,000 during the year ended December 31, 2017. The remaining 246,851 shares were issued subsequent to year-end and have been recorded as obligation to issue shares as at December 31, 2017. On closing of the transaction, the sellers of Prosnack and the Company entered into a five year earn-out agreement. During the term of the earn-out agreement, the Company will pay a 25% commission on the sales exceeding a base rate generated by the Vice President of Sales and Marketing. This has been accounted for as contingent consideration payable and added to the purchase price.

The acquisition of Prosnack was accounted for as a business combination. The consideration paid was recorded in the accounts of the Company at its fair value determined as follows:

Cash	$	101,000
Common shares issued		200,000
Common shares to be issued		78,499
Contingent consideration payable		400,000
	$	779,499

The net assets acquired and the purchase price allocation was:

Accounts receivable	$	131,091
Inventory		224,651
Prepaid expenses		99,903
Property and equipment		264,535
Bank indebtedness		(235,048)
Accounts payable		(164,289)
Long-term debt		(178,783)
Brand and trademark (note 10)		145,000
Customer lists (note 10)		256,000
Non-compete clauses (note 10)		10,000
Deferred income tax liability (note 19)		(87,460)
Goodwill (note 20)		313,899
	$	779,499

Since the acquisition of Prosnack on October 18, 2017, Prosnack generated revenues of $102,944 and a net loss of $126,087. The Company also repaid long-term debt of $178,783 subsequent to the acquisition of Prosnack.

On October 18, 2017, the Company acquired all of the shares of Prosnack Natural Foods Inc. (“Prosnack”). Prosnack’s operating results are included in the Company’s results subsequent to October 18.

Prosnack’s innovative “Elevate Me™” brand focuses on lifestyle and healthy meal replacement products that include energy bars and on-the-go oatmeals that are currently distributed throughout North America. The Elevate Me™ brand can be found in over 1,400 retail stores including major retailers such as Costco, Whole Foods, Choices, Save On Foods, Sobeys, London Drugs, Thrifty’s, Rexall and many more. A unique feature of Prosnack is its ongoing success strategy of private labelling for major retailers in North America and co-packing for other manufacturers globally. The combination of Elevate Me™ products and private label clients is almost $8 million in sales over the past four years.

The Prosnack integration activities have been largely completed with the Prosnack operations moving into industrial manufacturing space in Pitt Meadows adjacent to the Company’s existing packaging and distribution facility. The combined aggregate space is approximately 17,000 square feet under lease. The consolidation of the Prosnack operations within existing NSE operations will reduce overheads and increasing net revenues. The Company expects to realize significant savings in several areas including; net reduced lease payments, a modern R&D facility, efficiencies in shipping logistics and optimizing labour and salaried overhead. The PROsnack manufacturing division is SQF Level 2 certified and comprises over $300,000 of processing equipment.

As NSE identifies suitable acquisitions, we intend to continue to replicate this process and combine synergies to reduce overheads and increase net revenues.

The Prosnack Director of Operations has assumed responsibilities for both the Prosnack and NSE operations and their respective personnel, production, logistics, procurement, warehousing, maintenance, R&D and Quality Assurance departments.

MANAGEMENT AND BOARD OF DIRECTORS ACTIVITIES

On November 7, 2017, Doug Mason was appointed a Director of the Company and was appointed Interim CEO effective January 1, 2018. In April 2018 he became the Company's permanent CEO. Effective December 31, 2017, Dave Eto resigned as CEO and as a Director of the Company. Mr. Mason has been President and CEO of well-known beverage companies including Jolt Cola and Clearly Canadian Beverage Corporation where he has been credited as one of the pioneers of the New Age Beverage category. Additionally, Mr. Mason is a past Chair of the B.C. Sports Hall of Fame and Museum and of the B.C. Sports Hall of Fame Foundation. Effective March 1, 2018, Brian Richardson resigned as the Company's CFO and Sead Hamzagic was appointed CFO.

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, 2017 $**	**Year Ended December 31, 2016 $**	**Year Ended December 31, 2015 $**
Total Revenue	1,773,327	7,346,746	301,705
Cost of sales	(1,509,408)	(6,112,175)	(261,857)
Expenses	(5,279,659)	(4,079,897)	(7,144,034)
Other Income	155,386	69,747	122,900
Net Loss	(4,816,546)	(2,775,579)	(6,981,286)
Basic and Diluted Loss Per Share	(0.06)	(0.05)	(0.14)

Statements of Financial Position Data	**As at December 31, 2017 $**	**As at December 31, 2016 $**	**As at December 31, 2015 $**
Total Assets	6,686,043	6,084,742	4,508,998
Total Current Liabilities	2,108,829	1,968,575	1,759,925
Total Non-Current Liabilities	1,301,203	166,962	479,672
Total Liabilities	2,930,360	2,135,537	2,239,597
Total Equity	3,755,683	3,949,205	2,269,401

SUMMARY OF QUARTERLY RESULTS

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

	Three months ended			
	December 31, 2017	**September 30, 2017**	**June 30, 2017**	**March 31, 2017**
Total Revenue	388,666	315,712	481,746	587,203
Gross Margin	(41,917)	35,155	119,208	151,473
Income (loss) from operations	(1,589,377)	(1,386,494)	(1,085,646)	(954,223)
Comprehensive income (loss)	(1,424,981)	(1,362,013)	(1,087,497)	(942,055)
Basic and diluted income (loss) per share	(0.02)	(0.02)	(0.01)	(0.01)

	Three months ended			
	December 31, 2016	**September 30, 2016**	**June 30, 2016**	**March 31, 2016**
Total Revenue	1,013,286	1,235,580	3,657,852	1,440,028
Gross Margin	(708,585)	266,420	1,596,383	80,353
Income (loss) from operations	(2,513,719)	(713,455)	895,452	(513,604)
Comprehensive income (loss)	(2,478,063)	(724,524)	885,301	(458,293)
Basic and diluted income (loss) per share	(0.04)	(0.01)	0.02	(0.01)

DISCUSSION OF OPERATIONS

Overview

During the year ended December 31, 2017, the Company had significantly lower bulk sales, particularly export sales. Retail sales were steady and online sales were higher. Operations at the POS BPC facility were intermittent, though higher than in early 2016 as there were no sales from PBC in the first quarter of 2016. In 2016, the Company initiated sales of bulk product to South Korea. Korea at a strong pace, peaking in Q2 and reducing during through Q3 and Q4. Bulk sales reductions in the second half of 2016 were due to limitations at the Company’s contract processor and other factors which have resulted in a more competitive market and reduced margins. Today the international bulk sales market is highly price competitive and margins continue to shrink. Accordingly, the Company is focused on branded international sales and has entered the German, Australian and Japanese markets during 2017.

Q4 Results

Operating results for the three months ended December 31, 2017 saw no bulk sales revenue, tight margins and increases in several expense categories. Office and compensation costs, including share-based compensation, increased as the Company added staff and management. A number of inventory adjustments were recognized during the quarter resulting in higher cost of goods.

Revenue

Revenue during the year ended December 31, 2017 was $1,773,327 (2016: $7,346,746). The large majority of this decrease was due to lower sales of bulk hemp seed sales to South Korea, partially offset by inclusion of the POS-BPC operations which commenced in the second quarter of 2016. Sales of the Company's North American retail products and ingredients were steady over the periods, but increased with the addition of Prosnack after October 18, 2017.

Costs of Sales and Gross Profit

Cost of Sales during year ended December 31, 2017 were $1,509,408, compared to $6,112,175 in 2016. The Company significantly changed its sales mix in 2017 with a reduction of over $5.5 million of export bulk seed sales, which, since the second quarter of 2016, have been generally sold at a lower gross margin percentage. Profit margins on bulk sales continued to trend lower in the latter part of 2016 and in 2017 due to an increasingly competitive market. The Company is now focused on its higher margin products and new commercial opportunities. The results in 2017 were lower in particular because of the minimal margins on bulk sales.

Selling and Distribution Expenses

	3 months ended December 31, 2017	**3 months ended December 31, 2016**	**Year ended December 31, 2017**	**Year ended December 31, 2016**
Selling and distribution expenses				
Facility	92,743	115,608	314,354	317,168
Freight and delivery	6,631	172,581	49,554	172,581
Product development	38,397	18,730	167,316	36,007
Product promotion, net of grants	423	50,914	69,634	284,528
Bad debts and inventory write-down	(150,275)	118,508	348,690	157,759
	(12,081)	**476,341**	**949,548**	**968,043**

Selling and distribution expenses during the year ended December 31, 2017 were generally higher than in 2016, except for product promotion which was lower due to lower activity and fewer trade shows. Freight and delivery was also lower due to a greater focus on domestic rather than international sales (bulk market). Facility expenses related to the POS BPC facility operations, which were not in full operation in early 2016. The Company also wrote down its inventory value by $348,690 to reflect the lower international prices on bulk hemp seeds and to provide a provision against product aging.

Administrative Expenses

	3 months ended December 31, 2017	3 months ended December 31, 2016	Year ended December 31, 2017	Year ended December 31, 2016
Administrative expenses				
Accounting and audit	25,235	(13,311)	128,378	86,758
Amortization	91,282	93,052	342,801	237,615
Bank charges, interest and accretion	30,163	171,432	100,321	269,261
Consulting	199,099	210,943	802,133	560,022
Corporate promotion	116,700	82,995	373,865	254,287
Directors Fees	13,667	-	13,667	-
Legal	54,241	34,528	179,887	78,739
Management fees	26,000	255,994	144,000	540,754
Office, rent and salaries	637,964	276,118	1,354,081	730,130
Share-based payments	327,246	134,775	777,369	202,342
Transfer agent and filing fees	29,822	41,013	54,197	67,244
Travel	8,158	41,255	59,412	84,702
	1,559,577	**1,328,794**	**4,330,111**	**3,111,854**

Administrative expenses were broadly higher during 2017 compared to 2016, due to increased activities across a wider range of markets this year and the Company is developing a number of new commercial ingredient products which have a longer sales cycle and is working to develop a number of international markets. Also, as the Company completed commissioning of its packing line and ramping up to full commercial production and began integrating the Prosnack operations into the Company's facilities in Pitt Meadows, BC.

Accounting and audit fees were higher during the year and fluctuate mainly due to the timing of billings. *Amortization* has increased significantly, which reflects the addition of depreciable assets including packaging equipment and related leasehold improvements as well as addition of expenses from the POS BPC facility and the amortization of intangible assets; *Bank charges and interest accretion* was lower as the Company paid off its long-term debt in December 2016; *Consulting* fees, which represent outside business consultants and certain officers of the Company, were higher as the Company has additional senior management in the current year; *Legal* fees are higher in 2017 as the Company had more active commercial agreements and increased its investment in international trade mark and intellectual property protection; *Management fees* were lower in 2016 with management for the United States activities now being minimized, offset partially by fees related to POS-BPC; *Office rent and salaries* reflects the cost of the warehouse premises, administrative staff, and the general increase in costs as the company moved to a larger head office and engaged in expanding its products and operations; *Promotion* increased over the year as corporate promotional activities regarding corporate and general product awareness campaigns were more active; *Share based payments* were higher, mainly reflecting the significant issuance of 3,040,000 options and other compensation in January 2017; *Transfer agent and filing fees* decreased during the year; *Travel* increased early in 2017 but was lower in the second half as compared to 2016, reflecting the overall higher level of activity at trade shows in the first half of the year and in developing new international markets throughout the period.

LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 2017, the Company had cash of $301,080 (2016 - $362,649) and a working capital of $91,412 (2016 - $1,101,366). As at the date of this MD&A, the Company has working capital of approximately $2.5 million.

Capital Lease Obligations:

In January 2017, the Company entered into a lease contract to acquire food packaging equipment. Under this lease, the Company is required to make monthly lease payments of $9,765 (including GST) until May 2022. Following the final lease payment, the Company will own the equipment free and clear of all encumbrances. The Company has accounted this as capital lease obligations.

Cash flows – Year ended:

	2017	**2016**
Operating activities	(2,990,158)	(3,321,232)
Investing activities	(326,033)	(159,700)
Financing activities	3,272,593	3,761,201
Net change in cash and cash equivalents	(44,598)	280,269
Cash, beginning of year	314,599	34,330
Cash, end of year	270,001	314,599
Cash consists of:		
Cash	301,080	362,649
Cheques issued in excess of bank deposits	(31,079)	(48,050)
	270,001	314,599

As of December 31, 2017, the Company had cash of $301,080 (2016: $362,649) and a working capital of $91,412 (2016 - $1,101,366).

During April and May 2017, the Company received advances totaling $300,000 from related parties and a shareholder. These funds were unsecured, repayable on demand and bear interest at 6%. Of this amount, $168,640 was converted into Company equity, $11,360 was repaid by December 31, 2017 and the balance was repaid to a shareholder in February 2018. On August 23, 2017, the Company completed the initial tranche of its placement financing by issuing a total of 3,643,277 units (the "Units") for gross proceeds of $655,789. Each Unit is comprised of one common share of Naturally Splendid and one-half of one common share purchase warrant, with each whole Warrant entitling the holder to purchase one additional common share at $0.27 per share for a period of two years from the date of the issue. The net proceeds from this financing was received as $583,429 in cash and $72,360 in conversion of debt and accounts payable.

On October 17, 2017, the Company completed the second and final tranche of this private placement financing by issuing a total of 1,854,639 units (the "Units") for gross proceed of $333,835. Each Unit is comprised of one common share of Naturally Splendid and one-half of one common share purchase warrant, with each whole Warrant entitling the holder to purchase one additional common share at $0.27 per share for a period of two years from the date of the issue. The Company paid finders a cash commission totaling $13,217 and issued a total of 93,440 finder's warrants. Each finder's warrant is on the same terms as the Warrants. Directors and officers of the Company subscribed for 551,667 Units ($99,300) under the financing. The securities issued under the financing will be subject to a hold period expiring on February 17, 2018 pursuant to applicable securities laws and the rules of the TSX Venture Exchange.

On October 13, 2017, the Company entered into a non-binding agreement for a draw-down equity facility of up to $6,000,000 with Alumina Partners (Ontario) Ltd., a subsidiary of Alumina Partners LLC, a New York-based private equity firm. The agreement provides for equity private placement offerings (the "Offerings"), to be conducted in draw downs made at the sole discretion of the Company over a period of 24 months. Concurrent with entering into the equity facility, the Company and Alumina Partners closed the first tranche Offering under the facility for $50,000. Alumina Partners and the Company closed the first tranche Offering under the facility of 357,143 Units at a price of $0.14 per Unit, for gross proceeds of $50,000 and on November 3, 2017, the Company completed a second tranche with Alumina. Naturally Splendid issued a total of 380,808 units (the "Units") at a price of $0.13 per Unit for gross proceeds of $50,000. Each whole Warrant issued in connection with these tranches is exercisable at a price of $0.22 per share for a period of two years from closing. The securities issued in connection with these tranches were subject to a four month hold period. The Company paid finder's cash commissions totaling $11,622.

The amount of each Offering will be made at the mutual agreement of the Company and Alumina Partners, up to a maximum of $500,000 per Offering. The Offerings will be for units of the Company (the "Units") consisting of one common share (the "Shares") and one-half of one common share purchase warrant (the "Warrants"). Each whole Warrant will entitle the holder to purchase one additional Share for a period of 2 years following closing of the particular Offering. The Unit price for each Offering will be set at negotiated discounts ranging from 15% to 25% of the market price of the Shares, with the exercise price for the Warrants in each Offering being set at a 25% premium over the market price.

On November 22, 2017, the Company completed a private placement financing by issuing a total of 12,191,669 units (the "Units") for gross proceed of $1,828,750. 11,525,335 units were issued at a price of $0.15 per unit for gross proceeds of $1,728,800 and 666,334 units were issued for the settlement of $69,950 in accounts payable and $30,000 short-term loan (note 13). Each unit comprises one common share of the Company and one-half common share purchase warrant, with each whole warrant entitling the holder to purchase one additional common share at $0.22 for a period of two years from the date of issue. The Company paid finder's cash commissions totaling $15,551 and issued 24,000 finder's warrants with a fair value of $2,032. The finder's warrants are exercisable for two years at $0.22 per share.

During January 2018 various parties exercised stock options at $0.175 and warrants at $0.27 to $0.35 and received 1,320,350 common shares for total proceeds of $383,652.

OUTSTANDING SHARE DATA

As of the date of this MD&A, the Company had 97,820,490 common shares outstanding common shares outstanding plus 7,136,232 share purchase options and 16,880,241 warrants.

OFF BALANCE SHEET ARRANGEMENTS

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

TRANSACTIONS BETWEEN RELATED PARTIES

Key management compensation

The remuneration of directors and other members of key management were as follows:

	2017	2016
Management fees	592,274	275,168
Directors' fees	13,667	-
Share-based payments	355,213	31,575
	961,154	**306,743**

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

Related party transactions

Management fees were paid during 2016 to a company controlled by the Company's former Chief Financial Officer and consulting fees were paid to a company controlled by a director. Transactions with related parties were as follows:

	2017	2016
Management fees	-	50,000
Consulting fees	40,314	42,000
	40,314	**92,000**

POS Management Corporation is associated (by common management and shareholders) with the non-controlling interest shareholder of BPC. During the year ended December 31, 2017, the Company received contract services revenue from POS Management Corporation totaling $nil (2016 - $51,306) and incurred management fees expense of $144,000 (2016 - $144,000).

As at December 31, 2017, the following amounts are due to related parties:

- $20,271 (2016 - $nil) is due to management, directors and consultants for fees outstanding.
- $1,167 (2016 - $126,785) is due to POS Pilot Plant Corp., a company subject to common control, relating to management fees outstanding.
- $571,979 (2016 - $66,880 due from) due to POS Management Corp., a company subject to common control, relating to subcontractor fees.

CHANGES IN ACCOUNTING POLICIES

Please refer to note 3 in the annual audited financial statements for the year ended December 31, 2017 for a detailed discussion of accounting policies.

Future accounting pronouncements

The following are accounting pronouncements that have not been early-adopted by the Company. At this time, management has reviewed these pronouncements and does not expect these new pronouncements to have a significant impact on its consolidated financial statements.

IFRS 16 *Leases*

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is twelve months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 *Leases.*

This standard is effective for the Company's annual period beginning January 1, 2019.

IFRS 9 *Financial Instruments*

IFRS 9 will replace IAS 39 *Financial Instruments: Recognition and Measurement* and IFRIC 9 *Reassessment of Embedded Derivatives*. The final version of this new standard supersedes the requirements of earlier versions of IFRS 9.

The main features introduced by this new standard compared with predecessor IFRS are as follows:

- *Classification and measurement of financial assets:*
  Debt instruments are classified and measured on the basis of the entity's business model for managing the asset and its contractual cash flow characteristics as either: "amortized cost", "fair value through other comprehensive income", or "fair value through profit or loss" (default). Equity instruments are classified and measured as "fair value through profit or loss" unless upon initial recognition elected to be classified as "fair value through other comprehensive income".

- *Classification and measurement of financial liabilities:*
  When an entity elects to measure a financial liability at fair value, gains or losses due to changes in the entity's own credit risk is recognized in other comprehensive income (as opposed to previously profit or loss). This change may be adopted early in isolation of the remainder of IFRS 9.

- *Impairment of financial assets:*
  An expected credit loss impairment model replaced the incurred loss model and is applied to financial assets at "amortized cost" or "fair value through other comprehensive income", lease receivables, contract assets or loan commitments and financial guarantee contracts. An entity recognizes twelve-month expected credit losses if the credit risk of a financial instrument has not increased significantly since initial recognition and lifetime expected credit losses otherwise.

- *Hedge accounting:*
  Hedge accounting remains a choice, however, is now available for a broader range of hedging strategies. Voluntary termination of a hedging relationship is no longer permitted. Effectiveness testing now needs to be performed prospectively only. Entities may elect to continue to applying IAS 39 hedge accounting on adoption of IFRS 9 (until the IASB has completed its separate project on the accounting for open portfolios and macro hedging).

This standard is effective for the Company's annual period beginning January 1, 2018.

IFRS 15 *Revenue from Contracts with Customers*

This new standard establishes a comprehensive framework for the recognition, measurement and disclosure of revenue replacing IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfers of Assets from Customers*, and SIC-31 *Revenue — Barter Transactions Involving Advertising Services*.

The main features introduced by this new standard compared with predecessor IFRSs are as follows:

- *Revenue is recognized based on a five-step model:*
  1. Identify the contract with customer;
  2. Identify the performance obligations;
  3. Determine the transaction price;
  4. Allocate the transaction price to the performance obligations; and
  5. Recognize revenue when (or as) the performance obligations are satisfied.

- New disclosure requirements on information about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

This standard is effective for the Company's annual period beginning January 1, 2018.

ACCOUNTING ESTIMATES AND JUDGMENTS

Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year and include, but are not limited to, the following:

Recoverability of accounts receivable
Provisions are made against accounts that, in the estimation of management, may be uncollectible. The recoverability assessment of accounts receivable is based on a range of factors, including the age of the receivable and the creditworthiness of the customer. The provision is assessed monthly with a detailed formal review of balances and security being conducted quarterly. Determining the recoverability of an account involves estimation as to the likely financial condition of the customer and their ability to subsequently make payments. To the extent that future events impact the financial condition of the customers these provisions could vary significantly.

Share-based payments
The fair value of share-based payments is subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

Income taxes
In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

Interest rates
The Company estimates a fair value interest rate in determining the fair value of the loans payable.

Recovery of deferred tax assets
The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement.

Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include, but are not limited to, the following:

Valuation of inventory
Management makes estimates of future customer demand for products when establishing appropriate provisions for inventory obsolescence. In making these estimates management considers the life of inventory and profitability of recent sales.

Useful lives of intangible assets and equipment
Depreciation and amortization of the Company's equipment and intangible assets incorporate estimates of useful lives and residual values. These estimates may change as market conditions change and the future economic benefits from the use of the asset changes, thereby impacting the useful life and residual value of the equipment or intangible asset. Any revisions to useful life are accounted for prospectively.

Impairment of goodwill and Licensed IP
Determining the impairment of goodwill and Licensed IP requires an estimation of the recoverable amount, which is defined as the higher of fair value less cost of disposal or value in use. Many factors used in assessing recoverable amounts are outside of the control of management and it is reasonably likely that assumptions and estimates will change from period to period. These changes may result in future impairments.

The allocation of fair value of assets acquired
The determination of fair value of assets acquired requires management to make assumptions and estimates about future events. The assumptions and estimates with respect to determining the fair value of the assets and liabilities acquired require judgment and include estimates of future cash flows.

The assessment of the transactions as an asset acquisition or business combination
Management has had to apply judgments relating to the Transaction with respect to whether the acquisition was a business combination or an asset acquisition. Management applied a three-element process to determine whether a business or an asset was purchased, considering inputs, processes and outputs of each acquisition in order to reach a conclusion.

Going concern
The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures and meet its liabilities for the ensuing year involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

FINANCIAL INSTRUMENTS

Categories of financial instruments

		2017		2016
Financial Assets				
Fair value through profit or loss, at fair value				
Cash	$	301,080	$	362,649
Restricted cash		22,883		60,435
Loans and receivables, at amortized cost				
Trade and other receivables		208,390		356,516
Total financial assets	$	532,353	$	779,600
Financial Liabilities				
Other liabilities, at amortized cost				
Cheques issued in excess of bank deposits	$	31,079	$	48,050
Trade and other payables		1,118,474		1,636,250
Due to related parties		593,417		193,665
Short-term loan		120,000		-
Long-term loan		251,058		309,000
Contingent consideration payable		400,000		-
Total financial liabilities	$	2,514,028	$	2,186,965

Fair value

The fair value recorded on initial recognition 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 consolidated 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 consolidated 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, trade receivables, due from related parties, restricted cash and deposits. 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 December 31, 2017, the Company had a working capital of $91,412 (2016 - $1,101,366).

Currency risk

The Company is exposed to financial risk related to the fluctuation of foreign exchange rates. A significant change in the exchange rate between the Canadian dollar relative to the US dollar could have an effect on the Company's future results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations. As at December 31, 2017 and 2016, the Company is exposed to currency risk through the following financial assets denominated in a currency other than the Canadian dollar:

	2017		**2016**	
	US $	CDN $	US $	CDN $
Cash	10,482	13,150	49,907	67,010
Trade receivables	159	199	133,423	179,147
Trade payables	15,696	19,691	169,970	228,218

Based on the above, assuming all other variables remain constant, a 10% (2016 - 20%) strengthening or weakening of the Canadian dollar against the US dollar would have decreased/increased the Company's loss and comprehensive loss by $700 (2016 - $18,300).

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Interest earned on cash and cash equivalents is at nominal interest rates, and therefore the Company does not consider interest rate risk to be significant.

Loans payable at December 31, 2017 totaled $120,000 and were repaid in February 2018. The interest rate was fixed at 6%. As such, the Company is not exposed to interest cash flow risk.

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.

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 in developing 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. 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 Canada. In 2016, the Company commenced selling its shelled hemp seed in South Korea and in 2017 began initial sales in Australia and Japan. As the Company is in the early stages of marketing and distributing, brand awareness has been limited. 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 South Korea, or to successfully enter the United States or other markets 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

Other than Chii, 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.

In 2017 to December 31, no customers represented 20% of all revenue. 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.

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 and elsewhere.

Currently, sixteen 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. Market disruptions have included extreme volatility in securities prices, as well as diminished liquidity and credit availability. An 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. 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. If economic conditions 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.