National Access Cannabis Corp.
Interim Management Discussion and Analysis
Quarterly Highlights
For the three and nine-month period ended May 31, 2018

The following discussion of National Access Cannabis Corp.'s (the "**Company**") financial condition and results of operations should be read in conjunction with the unaudited condensed interim consolidated financial statements and accompanying notes for the three and nine-month period ended May 31, 2018 and the audited consolidated financial statements for the year ended August 31, 2017 and the related annual management discussion and analysis. The accompanying unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"). All dollar amounts referred to in this interim management discussion and analysis - quarterly highlights ("**MD&A**") are in Canadian dollars. This MD&A, as well as, financial statements and other information, including news releases and other disclosure items of the Company are available on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com under the Company's profile. The board of directors of the Company approved the contents of this MD&A on July 24, 2018.

Cautionary Note Regarding Forward-Looking Statements

Except for the historical statements contained herein, this MD&A presents "forward-looking statements" within the meaning of Canadian securities legislation that involve inherent risks and uncertainties. Forward-looking statements include, but are not limited to, future developments, including the acquisition of additional locations throughout Canada; future financial performance, including the sufficiency of cash on hand, the ability of the Company to generate positive cash flow and the ability of the Company to meet its obligations as they become due, future sources of revenue and future increases in Company revenue, ongoing business strategies, goals, objectives or prospects, including the exploration of other business opportunities in the cannabis industry and the Company's plan to explore partnerships that improve its brand profitability and to become a model for legalized safe distribution of cannabis and cannabis products throughout Canada, timing of the legalization of recreational cannabis in Canada, expected operations, and possible future action on the Company's part. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "plans ", "expects" or "does not expect", "is expected", "proposed" "budget", "scheduled", "estimates ", "forecasts ", "intends ", "anticipates" or "does not anticipate", or "believes'; or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".

Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking statements. Such factors include, but are not limited to: general business, economic, competitive, political and social uncertainties, legislative changes occurring at the Federal, Provincial and Municipal levels, the results of continued development, marketing and sales and such other factors as set forth in "Known Trends, Risks or Demands" below, as well as, those factors disclosed in the Company's publicly filed documents. Although management of the Company believes that the expectations reflected in such forward-looking statements are based upon reasonable assumptions and have attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company's forward-looking statements are made only as of the date of this MD&A and the Company does *not undertake to update or revise any forward-looking statements to reflect new information or future events or circumstances, unless specifically required by applicable securities legislation.*

Overview of Business and Strategy

Overview of the Company

The Company was incorporated under the *Business Corporations Act* (Alberta) as Brassneck Capital Corp. ("**Brassneck**") on June 18, 2015 and its common shares began trading on the TSX Venture Exchange ("**TSXV**") on March 15, 2016. The registered and records office of the Company is located at 1900, 520 – 3rd Avenue SW, Calgary, Alberta, T2P 0R3. The head office of the Company is located at 1111 Wellington Street West, Ottawa, Ontario, K1Y 2Y6. Prior to August 30, 2017, the Company was a Capital Pool Company as defined in the TSXV Policy 2.4. Effective August 30, 2017, Brassneck completed its "Qualifying Transaction" with National Access Cannabis Corp. (pre-Qualifying Transaction, referred to herein as "**NAC**"). The Qualifying Transaction was a reverse takeover of Brassneck by NAC. Following completion of the Qualifying Transaction, control of the Company, as resulting issuer, passed to the former securityholders of NAC and the Company (formerly Brassneck) ceased to be a Capital Pool Company. Effective August 30, 2017, Brassneck changed its name to "National Access Cannabis Corp." On September 8, 2017, the common shares of the Company, as the resulting issuer, resumed trading on the TSXV under the new trading symbol "NAC". Effective May 17, 2018, the Company's trading symbol on the TSX Venture Exchange changed from "NAC" to "META".

The consolidated financial statements of the combined entities (i.e. Brassneck and NAC) are issued under the Company (presently National Access Cannabis Corp. and formerly Brassneck), as legal parent, but are considered a continuation of the financial statements of the legal subsidiary, National Access Clinic Corp. Since National Access Clinic Corp. is deemed to be the acquirer for accounting purposes, its assets and liabilities are included in the consolidated financial statements at their historical carrying values.

Medical Clinics

The Company operates medical clinics that connect Canadians with licensed producers under section 35 of the *Access to Cannabis for Medical Purposes Regulations*, SOR/2016-230 ("**Licensed Producers**"). The clinic staff provide patients with an in-depth education session and provide liaison service with Licensed Producers that assists patients in selecting strains of medical cannabis based on the patient's condition and medical needs. Each clinic typically has one to three Cannabinoid Therapy Educators on staff per location. The minimum qualifications of the caregiver/health care provider are nursing certificates or degrees (RPNs, LPNs, RNs, or IMGs). In addition, training is received from upper medical staff, Licensed Producers, cannabis strain guides, and other cannabinoid educational resources. The patient discusses their interest in cannabis as an alternative medicine. The staff is knowledgeable on what types of products the Licensed Producers provide and have in stock in order to help the patient make the appropriate decision when selecting a Licensed Producer. Clinic staff prepares the patient's medical file and the physician reviews the file with clinic staff before the patient's consultation. If the consultation with the physician results in a prescription for medical cannabis, clinic staff work with the patient to help register with a Licensed Producer and transmit the patient's order. NAC educates the patient on all the Licensed Producer's products, costs, and options. The decision of which Licensed Producer to go with is at the patient's discretion.

The Company has over twenty contracts ("**LP Contracts**") with Licensed Producers under the Access to Cannabis for Medical Purposes Regulations, SOR/2016-230 to the Controlled Drugs and Substances Act (S.C. 1996, c. 19) (the "**ACMPR**"). The LP Contracts govern the business relationship between the Company and the Licensed Producer. Pursuant to the LP Contracts, the Company is paid an education grant, which is paid in cash. Please refer to the Revenue section below for detail on Licensed Producer commission revenue. The Licensed Producer's provide medical cannabis educational materials to the Company's clinics and the Company provides these educational materials to its patients. The Company has no relationships with any dispensaries or other cannabis distributors and no physician, caregiver or employee of the Company receives any commissions, incentives, or other fees from Licensed Producers.

There is currently no equity ownership, cross directorship or other relationship which gives rise to conflict of interest issues or related party issues between the Company's clinics and any Licensed Producer, distributor, or dispensary, however, the Company continues to explore new business opportunities. The Company clinics operate under municipal business licenses, which the Company and clinics maintain in good standing. The Company does not have any other specific license for operating its clinics. It is the responsibility of the clinic's physicians to maintain medical licences.

Retail Cannabis Locations

The Company is preparing to expand to retail locations to sell and distribute cannabis and cannabis related products under its recreational cannabis brand Meta Cannabis Supply Co. ("**Meta**") in select provinces. The Company expects its network of recreational cannabis stores to initially grow across Western Canada, before expanding to include additional provinces where legally permissible. With the passing of Bill C-45, an Act respecting cannabis and to amend the Controlled Drugs and Substances Act, the Criminal Code and other Acts (the "**Cannabis Act**") and the anticipated start date for the recreational cannabis market on October 17, 2018, the Company has applied or expects to apply for business licences to develop and acquire locations, both on its own and with partners in strategic regions and provinces. Currently, the provinces of Manitoba, Saskatchewan, Alberta, British Columbia, and Newfoundland are permitting privately run cannabis retail locations to operate within their respective provinces. The Company anticipates continuing to explore acquisitions and partnerships that improve its brand and profitability.

Provincial and Territorial Regulatory Frameworks

The provincial and territorial regulatory frameworks relating to cannabis are complex and rapidly evolving. Numerous provincial and territorial governments in Canada have made, and continue to make, announcements regarding the proposed regulatory regimes for the distribution and sale of cannabis for both medical and recreational purposes. Notwithstanding these announcements, final provincial and territorial legislation has not been passed or published in all cases and further changes are expected as additional provinces and territories, announce, introduce and pass legislation in advance of legalization. The Company continues to monitor these regulatory changes and related announcements and their impact on the Company's business and operations, including in respect of its plan to expand to recreational retail locations. For a description of the risks associated with the changing regulatory framework relating to cannabis, see "Known Trends, Risks or Demands" below.

Analysis of the Company's Financial Performance and Condition

Selected Quarterly Financial Information

The following table sets out certain selected financial information of the Company's consolidated financial statements for the last eight quarters:

	Quarter Ended							
	Aug 31, 2016	Nov 30, 2016	Feb 28, 2017	May 31, 2017	Aug 31, 2017	Nov 30, 2017	Feb 28, 2018	May 31, 2018
Revenue	128,345	179,350	249,654	363,581	401,630	437,352	475,412	529,274
Net Loss	(532,447)	(607,943)	(787,088)	(1,615,884)	(4,691,375)	(1,344,068)	(1,313,110)	(2,292,636)
Net Loss Per Share - Basic	(0.02)	(0.01)	(0.01)	(0.03)	(0.07)	(0.01)	(0.01)	(0.02)
Net Loss Per Share - Diluted	(0.02)	(0.01)	(0.01)	(0.03)	(0.07)	(0.01)	(0.01)	(0.02)

The Company has incurred losses over the last eight quarters and anticipates continued losses as it implements initiatives to continue growing its business within the medical and retail cannabis industry in Canada. Revenue has increased due to an increase in patients served by more clinic locations across Canada.

The increase in losses has been primarily attributed to continued expansion of the Company’s operations over the fiscal year ended August 31, 2017 and nine months ending May 31, 2018.

Results of Operations

$	**Three months ended**		**Nine months ended**	
	31-May-18	**31-May-17**	**31-May-18**	**31-May-17**
Total revenue	$529,274	$363,581	$1,442,038	$791,343
Cost of goods sold	(162,361)	(145,816)	(463,825)	(314,472)
Gross margin	366,913	217,765	978,213	476,871
Office and general administrative expenses	(1,829,686)	(987,813)	(4,740,084)	(2,257,101)
Sales and marketing expenses	(107,100)	(106,795)	(172,022)	(188,851)
Amortization	(371,213)	(94,335)	(550,685)	(266,191)
Share based compensation	(351,550)	(644,706)	(465,236)	(798,272)
Loss from operations	(2,292,636)	(1,615,884)	(4,949,814)	(3,033,544)
Net comprehensive loss	(2,292,636)	(1,615,884)	(4,949,814)	(3,033,544)
Loss per share - basic and diluted	(0.02)	(0.03)	(0.04)	(0.06)
Deficit, at end of period	(14,436,244)	(4,872,118)	(14,436,244)	(4,872,118)

The net comprehensive loss for the nine months ended May 31, 2018 was $4,949,814 or $0.04 per share versus a net comprehensive loss of $3,033,544 or $0.06 per share for the period ended May 31, 2017. The increase in loss for the period was primarily attributable to expenditures incurred for the continued expansion of the Company's operations in the cannabis industry.

Some of the significant changes are as follows:

- Salaries and benefits during the nine months ended May 31, 2018 were $1,837,738 compared to the nine months ended May 31, 2017 of $672,482. The significant increase from the previous year has been due to the expansion of operations. The Company had 46 full-time equivalents ("**FTE's**") and nine locations in operation as of May 31, 2018 versus 37 FTE's as of May 31, 2017.

- Professional fees and Consulting fees during the nine months ended May 31, 2018 were $1,869,545 compared to the nine months ended May 31, 2017 of $876,540. As a result of expansion initiatives and developing new business opportunities and partnerships, the Company incurred significantly higher legal and consultant fees.

The Company has incurred losses in recent periods and anticipates continued losses as it implements initiatives to continue growing its business. However, the Company is a relatively new organization and has been expanding rapidly. As such, losses incurred to date are primarily due to growing the business and associated infrastructure, and management believes will ultimately serve to benefit the Company and its business going forward.

The Company remains focused on client acquisition and will continue with aggressive expansion efforts in pursuit of this goal. The Company plans to expand its operations to all economically viable locations in Canada. Planned expansion strategies include; developing additional corporate locations, seeking acquisition opportunities and providing additional services and activities surrounding the cannabis industry.

Revenue

Revenue for the nine months ended May 31, 2018 was $1,442,038 versus $791,343 in the same period in the prior year. Revenue growth is attributable to newly opened locations in fiscal year 2017 and increased commissions from Licensed Producers. Commissions from Licensed Producers for the nine months ended May 31, 2018 was $1,262,310 versus $393,426 in the same period in the prior year. Total membership has increased from 6,496 at May 31, 2017 to 15,181 at May 31, 2018. Revenues are expected to continue to increase as the Company acquires new patients at each of its nine active locations and continues to explore other business opportunities moving forward.

The Company previously earned a portion of its revenue from membership and consultation fees charged to patients at some clinic locations. During the fourth quarter of fiscal year 2017, the Company made the decision not to charge for these services. Going forward, management anticipates that the primary revenue streams for clinic operations will consist of commissions from Licensed Producers and retail sales.

Gross Profit

Gross Profit for the nine months ended May 31, 2018 was $978,213 versus $476,871 in the same period in the prior year. The increase is primarily attributed to the increase in commissions revenue from Licensed Producers which have no direct costs associated with this income source.

Expenses

Office, General and Administrative Expenses

	Three months ended				Nine months ended			
$	**31-May-18**	**%**	**31-May-17**	**%**	**31-May-18**	**%**	**31-May-17**	**%**
Professional fees	380,109	21%	178,737	18%	943,466	20%	317,499	14%
Consulting fees	232,388	13%	228,674	23%	926,080	20%	559,040	25%
Salaries & benefits	741,258	41%	280,603	28%	1,837,738	39%	672,482	30%
Travel	62,339	3%	72,381	7%	225,288	5%	126,260	6%
Rent & utilities	221,712	12%	113,956	12%	482,915	10%	304,907	14%
Office expenses	48,452	3%	63,607	6%	139,846	3%	155,782	7%
Interest & bank charges	8,796	0%	45,234	5%	15,247	0%	99,624	4%
Other	134,631	7%	4,621	0%	169,504	4%	21,507	1%
Total	1,829,686	100%	987,813	100%	4,740,084	100%	2,257,101	100%

General and Administrative Expenses for the three months ended May 31, 2018 was $1,829,686 versus $987,813 in the same period in the prior year. Expenses for the nine months ended May 31, 2018 were $4,740,840 versus $2,257,101 for the nine months ended May 31, 2017.

The increase from comparable periods is due to the continued growth in corporate locations, hiring of additional managerial and administrative staff, and the development of stated business objectives. The Company anticipates that expenses will continue to increase as operations expand to new locations, primarily in the recreational retail market and as the Company acquires and integrates compatible businesses and technologies, while continuing to explore other business opportunities moving forward.

Legal and professional fees during the nine months ended May 31, 2018 were $943,466 compared to the nine months ended May 31, 2017 of $317,499. These fees were incurred due to legal and audit work required for general corporate matters, government, investor relations, and acquisitions and strategic partnerships during the period due to Company expansion.

Consulting fees during the nine months ended May 31, 2018 were $926,080 compared to the nine months ended May 31, 2017 of $559,040. These fees were incurred due to patient acquisition costs, lobbying efforts at the Federal, Provincial, and Municipal levels. as well as other costs associated with the expansion of new corporate locations and the pursuit of other business opportunities in the cannabis industry.

Salaries and benefits during the nine months ended May 31, 2018 were $1,837,738 compared to the nine months ended May 31, 2017 of $672,482. The notable increase is due to hiring of staff to support the Company’s expanding network of locations and additions to the executive management team. The Company employed 46 FTEs as of May 31, 2018 versus 37 FTEs as of May 31, 2017.

Travel expenses during the nine months ended May 31, 2018 were $225,288 compared to the nine months ended May 31, 2017 of $126,260. Travel expenses also grew as management continued to seek potential business acquisitions and expansion opportunities.

Rent and utilities during the nine months ended May 31, 2018 were $482,915 compared to the nine months ended May 31, 2017 of $304,907. Lease payments have increased due to the addition of new locations during the year.

Share-Based Compensation Expenses

During the nine months ended May 31, 2018, the Company recognized $465,236 compared to $ 798,272 for the nine months ended May 31, 2017 in share-based compensation.

Share-based compensation was provided to executives, consultants, directors, and employees through the direct issuance of shares for services rendered or via the granting of stock options.

A total of 2,660,000 NAC Shares were issued directly to executives, consultants, directors, and employees during the nine months ended May 31, 2017. Total expenses recognized for the issuance of the NAC Shares was $590,242. For the nine months ended May 31, 2018 there were no NAC Shares issued.

Expenses related to options issued during the nine months ended May 31, 2018 was $471,485 compared to $208,030 during the comparable period in 2017. The number of options outstanding at May 31, 2018 amounts to 8,719,967 at a weighted average exercise price of $0.28. The Company may issue up to 10% of the issued and outstanding common shares under its stock option plan.

Adjusted EBITDA

$	**Three Months Ended**		**Nine Months Ended**	
	31-May-18	**31-May-17**	**31-May-18**	**31-May-17**
Net loss and comprehensive loss for the year/period	(2,292,636)	(1,615,884)	(4,949,814)	(3,033,544)
Amortization of property and equipment	91,791	94,335	271,263	242,832
Amortization of intangible assets	279,422	-	279,422	23,359
Share based compensation	351,550	644,706	465,236	798,272
Adjusted EBITDA	(1,569,873)	(876,843)	(3,933,893)	(1,969,081)

Management defines Adjusted EBITDA as the Net loss from operations, as reported, before interest, tax, and adjusted by removing non-cash items, including the stock-based compensation expense, depreciation, and further adjusted to remove acquisition related costs. Management believes Adjusted EBITDA is a useful financial metric to assess its operating performance on a cash adjusted basis before the impact of non-cash items and acquisition related costs. Adjusted EBITDA is a non-GAAP financial measure that does not have any standardized meaning under the issuer's GAAP and therefore may not be comparable to similar measures presented by other issuers.

Balance Sheet

$	As at		
	31-May-18	31-Aug-17	31-May-17
Total assets	17,207,685	7,670,846	3,231,414
Total liabilities	2,330,981	1,346,315	2,532,336
Share capital	25,550,233	15,311,030	5,284,606
Warrants	2,952,235	160,937	-
Equity portion convertible debentures	-	-	46,186
Contributed surplus	887,542	416,057	240,404
Non-controlling interest	(77,062)	-	-
Deficit, at end of period	(14,436,244)	(9,563,493)	(4,872,118)

Total Assets

Total assets of the Company were $17,207,685 on May 31, 2018 versus $7,670,846 on August 31, 2017. The increase in total assets is primarily due to an increase in cash due to the $6,000,000 private placement financing in January 2018, and Intangible assets acquired as a result of strategic acquisitions and alliances during the period. This was offset by a reduction in cash due to the continued expansion of the Company's operations over the past nine months ended May 31, 2018.

Total Liabilities

Total liabilities increased to $2,330,981 at May 31, 2018 versus $1,346,315 on August 31, 2017 primarily due to contingent consideration payable resulting from the National Access Cannabis Medical Inc. ("**NACM**") acquisition (see "Major Operating Milestones" below).

Total Share Capital

The authorized capital stock of the Company consists of an unlimited number of common shares. Below are the number of issued and outstanding common shares, warrants and options.

	As at		
	31-May-18	31-Aug-17	31-May-17
Common shares	134,865,415	115,974,163	69,927,568
Warrants	10,947,705	1,440,050	-
Options	8,719,967	8,269,004	7,575,000

Liquidity and Capital Resources

The unaudited condensed interim consolidated financial statements for the nine months ended May 31, 2018 are prepared by management in accordance with IFRS on a going concern basis, which assumes that the Company will be able to continue to operate for the foreseeable future. However, the Company is exposed in varying degrees to a variety of financial risks, including liquidity risk and market risks with respect to its ability to raise capital through equity markets under acceptable terms and conditions. For further discussion of risks related to the Company's business, including financial risks, please see "Risk Factors" in the Company's annual management discussion and analysis for the year ended August 31, 2017 (available on SEDAR at www.sedar.com). Please also refer to Note 19 of the accompanying unaudited condensed interim consolidated financial statements for the nine months ended May 31, 2018.

The Company has incurred losses since incorporation and as at May 31, 2018 had an accumulated deficit of $14,436,244 (May 31, 2017: $4,872,118). The Company has a commitment for capital expenditures totaling $46,599 in respect of a stipulated price contract for tenant improvements for a new location on Whyte Avenue in Edmonton set to open in the summer of 2018, which will be operated through a partnership with NAC Alberta Inc. The Company, through its affiliates, holds 51% of the outstanding units of the partnership. It is anticipated that current capital reserves will fund this capital expenditure commitment.

The Company is in the development stage of expanding by opening and acquiring locations throughout Canada while continuing to explore other business opportunities within the cannabis industry. The Company continues to remain dependent on its ability to obtain sufficient funding to sustain operations and continue with its current expansion projects.

The Company has sufficient cash on hand to continue with the current day to day operations up to the second quarter of fiscal year 2019. The Company also expects to have a working capital deficiency then, but plans to generate sufficient amounts of cash and cash equivalents in the short and long term to maintain the Company's capacity and meet obligations as they become due, by reviewing all options including partnership agreements, debt, and equity financing.

The Company plans to expand to retail locations to sell and distribute cannabis and cannabis related products when and if it becomes legally permissible to do so in October 2018. Expansion into recreational retail locations along with exploring other business opportunities will require additional financing. See "Subsequent Events" below for a description of the Company's financing arrangements entered into subsequent to May 31, 2018.

In the longer term, the Company's ability to maintain capacity and continue as a going concern is dependent upon its ability to raise additional capital and generate positive cash flow and net income. There can be no assurance that equity financings will be available to the Company in the future on terms satisfactory to the Company. Circumstances that could impair the Company's ability to raise additional funds include general economic conditions and its ability to expand operations within the cannabis industry in Canada.

Financing Activities

For the nine months ended May 31, 2018, the Company generated $6,027,252 in cash from financing activities versus generating $2,125,566 for the nine months ending May 31, 2017.

On January 31, 2018, the Company completed a non-brokered private placement pursuant to which it issued 10,909,091 units of the Company for aggregate gross proceeds of 6,000,000. Each unit is comprised of one common share in the capital of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of $0.90 per share, subject to adjustment in certain events, for a period of 24 months following the closing date. In connection with the closing of the private placement, the Company paid a finder's fee, consisting of a cash commission of $194,346 and an aggregate of 353,356 finder's warrants. Each finder's warrant entitles the holder acquire one common share at an exercise price of $0.90 per share for a period of 24 months following the closing date. The warrants were valued at $136,798 using the Black-Scholes option pricing model and the following variables: stock price of $0.95; expected life of two years; $Nil dividends; 71% volatility; and risk-free interest rate of 1.04%

Investing Activities

For the nine months ended May 31, 2018, the Company allocated $2,079,425 in cash to investing activities versus $844,634 for the nine months ended May 31, 2017.

On May 28, 2018 the Company subscribed for a $1,850,000 secured convertible debenture of The Green Company Ltd. ("**NewLeaf**"). The loan has been extended to NewLeaf for the capital expenditure required to build out recreational cannabis retail stores in the province of Alberta (see "Major Operating Milestones" below).

Investment expenditures in the prior period were primarily for leasehold improvements, as well as furniture and equipment required for the new corporate locations which commenced operations in fiscal year 2017.

Working Capital

The Company had a working capital surplus of $4,328,113 on May 31, 2018 versus a deficiency of $1,697,113 as at May 31, 2017. Expenditures incurred for the rapid expansion of the Company over the last twelve months and costs associated with the Qualifying Transaction have been offset by cash inflows from financing activities throughout the year.

Current assets increased to $5,220,012 at May 31, 2018 from $822,569 at May 31, 2017 primarily as a result of an increase in cash and receivables.

Current liabilities decreased to $891,899 at May 31, 2018 from $2,519,682 at May 31, 2017. The decrease in current liabilities is primarily due to the conversion of the convertible debenture on August 30, 2017 and the payment of a $300,000 note payable in September 2017.

Cash Used in Operations

$	31-May-18	31-May-17
Net loss for period	(4,949,814)	(3,033,544)
Add charges to operations not requiring current cash payment	1,013,097	1,694,476
Changes in non-cash working capital balances related to operations	(798,873)	291,237
Cash used in operating activities	(4,735,590)	(1,047,831)

Cash used in operating activities amounted to $4,735,590 for nine months ended May 31, 2018 compared to $1,047,831 for the same period in 2017.

Changes in non-cash working capital balances related to operations were $798,873 for the nine months ended May 31, 2018, compared to a surplus of $291,237 for the nine months ended May 31, 2017, primarily due to the change in accounts receivable and accounts payable.

Off Balance Sheet Arrangements

The Company has no off-balance sheet arrangements as of the date of this MD&A

Transactions between Related Parties

Related parties include the Company's key management personnel, independent directors and shareholders. Transactions with related parties were conducted in the normal course of operations and are measured at fair value, which is the amount of consideration established and approved by the related parties.

Obsidian Consulting and Investigations Inc., a company controlled by Derek Ogden, the President of the Company, has been contracted to provide consulting services to the Company. During the six months ended May 31, 2018, the Company's expenses included $112,500 (2017 - $112,500) related to these services.

Rocco Meliambro, a director of the Company, has been engaged to provide consulting services to the Company. During the six months ended May 31, 2018, the Company's expenses included $50,000 (2017 - $67,500) related to these services.

Financial Instruments

IFRS requires that the Company disclose information about the fair value of our financial assets and liabilities. Fair value estimates are made at the balance sheet date based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates. The Company's financial instruments consist of cash, accounts receivable, accounts payable, short-term loans and accrued liabilities, and other payables due to directors. Management estimates that the fair value of these financial instruments approximates their carrying values due to the relatively short maturity periods of these instruments.

Changes in Accounting Policies and Critical Accounting Estimates

The significant accounting policies applied in preparation of the unaudited condensed interim consolidated financial statements for the nine months ended May 31, 2018 are consistent with those applied and disclosed in Note 2 of the Company's 2017 audited consolidated financial statements. Critical accounting estimates remain the same as disclosed in the audited consolidated financial statements for the year ended August 31, 2017.

Major Operating Milestones

On April 9, 2018 the Company announced it had acquired a 51% ownership stake in Cannabis Care Group Inc. ("**CCG**"), an entity that has established service agreements with over 40 pharmacies in Canada that provide turnkey cannabis program solutions for medical cannabis. In connection with the Acquisition, CCG changed its name to "National Access Cannabis Medical Inc.". The NACM program is similar in operation to the Company's clinic model, other than being operated from a pharmacy rather than a clinic. The Acquisition was completed pursuant to a share purchase agreement for an aggregate purchase price of $4,040,000, payable through the issuance of the Company's common shares. The share purchase agreement provides that for a period of up to five years from the closing date, the vendors shall be entitled to receive up to $6,080,000 of additional common shares of the Company if certain milestones are achieved.

On April 12, 2018, the Company entered into a strategic alliance with The Second Cup Ltd. ("**Second Cup**") (TSX:SCU), Canada's second-largest retailer of speciality coffee, to develop and operate a network of Meta-branded recreational cannabis dispensaries initially across Western Canada, expanding to include additional provinces where legally permissible. Conversion of any Second Cup café to a Meta-branded recreational cannabis dispensary will be conditional on obtaining a retail license from provincial regulators and the approval of Second Cup and the applicable franchisee and landlord. In consideration of Second Cup agreeing to entering into this strategic alliance, the Company has issued to Second Cup warrants to purchase an aggregate of 5,000,000 common shares of the Company. The warrants have an exercise price of $0.91 per common share and expire on April 12, 2023.

On May 15, 2018, the Company announced its new brand, Meta, targeting the Canadian recreational cannabis market. Meta, is the Company's new innovative and premium recreational brand, which will open retail locations in select provinces. The network of recreational cannabis dispensaries will initially grow across Western Canada, before expanding to include additional provinces where legally permissible.

On May 23, 2018, the Company announced a $1,000,000 inventory in NAC Bio Inc. ("**NAC Bio**"), a separate legal entity established to advance clinical research into the medicinal benefits of cannabis in the treatment of chronic disease and illness. NAC Bio will be run by Dr. Tyler Wish, who previously led NAC's research and development efforts. In connection with the closing, the Company has invested an initial amount of $400,000 and will increase its investment by $100,000 over the next six months. Upon closing, the Company will hold a 50.3% ownership interest in NAC Bio, scaling to 57.1% following the completion of its investment.

On May 28, 2017, the Company announced that is has provided up to a $7 million secured loan to NewLeaf and subscribed for a $1.85 million 5.45% secured convertible debenture of New Leaf. The loan was extended to NewLeaf for the capital expenditure required to build out recreational cannabis retail stores. The principal amount of the convertible debenture may be converted into common shares of NewLeaf at any time at the Company's option until May 25, 2020. Should the Company elect to convert the convertible debenture, the Company would hold 9.9% of NewLeaf's outstanding common shares.

Subsequent Events

Subsequent to quarter-end, shareholders of the Company exercised 108,749 warrants and 25,000 options through a number of individual transactions. The Company received $99,187 in cash.

On July 3, 2018 the Company announced that the government of Manitoba awarded the Company permission to open 10 privately owned retail cannabis stores, as well as, an e-commerce platform in the Province. In support of the Company's retail strategy in Manitoba, the Company intends to leverage Limited Partnership Agreements signed with five Manitoban Indigenous First Nations to establish a retail recreational cannabis distribution network in Manitoba, when legally permissible to do so.

On July 20, 2018, the Company entered into a loan agreement with Opaskwayak Cree Nation ("**OCN**"), pursuant to which OCN will lend up to $35,000,000 to the Company. The Company plans to use the proceeds from the loan to build-out up to 50-70 cannabis retail locations across Western Canada in 2018 under its retail brand Meta, as well as for working capital purposes. Meta stores are currently under construction in Manitoba. The loan has a six-month term and carries an interest rate of 10% per annum. Additionally, OCN will receive a commitment fee of $1,600,000 to $3,000,000 depending on repayment circumstances.

Known Trends, Risks or Demands

The Company is exposed to numerous risks and uncertainties as described below. These risks and uncertainties, together with all the other information in this MD&A, and the accompanying financial statements, should be carefully considered. The risks and uncertainties described below are not the only risks the Company could face, but could materially and adversely affect business, financial condition, results of operations and future prospects of the Company. Additional risks and uncertainties that the Company's management is unaware of, or that management currently view as not material, may also become important factors that could adversely affect the Company's business.

The Company operates in a new and highly competitive industry that faces significant regulation. The cannabis industry in Canada is very competitive and developing rapidly. As new risks emerge, management may not be able to predict all of them, or be able to predict how they may cause actual results to be different from those contained in any forward-looking statements.

The Company's ability to grow a corporate model of clinics and retail outlets, and its ability to retail cannabis in Canada will depend on the Company being granted distribution and operating licenses from Federal, Provincial, and Municipal levels of government in Canada. Inability to obtain licenses or failure to comply with the requirements of licenses or to maintain a license would have a material adverse impact on the business, financial condition, and operating results of the Company. The cannabis industry is subject to extensive controls, compliances and regulations that could significantly affect the financial condition of market participants. Many factors that are beyond the Company's control and which cannot be predicted, such as changes to government regulations, legislation, enactments, and bylaws could reduce the Company's earnings and could make future capital investments or the Company's operations uneconomic.

In addition to being subject to general business risks and to risks inherent in the nature of an early stage business, a business distributing cannabis as a regulated medical and consumer product, the Company will need to build brand awareness in the new industry and market through significant investments in its strategy, quality assurance, and compliance with regulations. These activities may not promote the Company's brand and products as effectively as intended, or at all. This new market and industry into which management is entering will have competitive conditions, consumer tastes, patient requirements, and unique circumstances.

The ability to execute the business objectives stated in this MD&A is contingent, in part, upon compliance with regulatory requirements enacted by said governmental authorities, as well as obtaining all regulatory approvals for the sale of cannabis-based products and applicable patient services. Any delay in obtaining, or failure to obtain regulatory approvals would significantly delay the development of corporate objectives, which could have a material adverse effect on the Company`s business and financial condition.

Liquidity

The Company requires a ready source of cash to meet its operating expenses, fund research and development and expand its business. As at the date of this MD&A the company had negative working capital and lacked sufficient cash to fund ongoing operations. The Company has also entered into future commitments that require funding on top of operating expenses. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating investing and financing activities. Management and the board of directors of the Company are actively involved in the review, planning and approval of significant expenditures and commitments.

Financing Risks

The Company has incurred significant losses and has not been able to generate profits or positive cash flow. There are no assurances that the Company will earn profits or generate positive cash flow in the future. Without sustainable positive cash flow and profits, there can be no assurances that the Company will be able to continue as a going concern and remain in business. The only present source of funds available to the Company is through the sale of its equity shares and operational revenues. Even if the net revenues of the business are encouraging, the Company may not have sufficient funds for future expansion of the business that may be necessary to remain competitive in the market. The Company anticipates requiring additional financing to fund operations and remain a going concern. While the Company may generate additional working capital through further equity offerings or through operational revenues, there can be no assurance that such financing will be available on terms reasonable to the Company, or at all. If available, future equity financing may result in substantial dilution to shareholders. The assumption of debt, if available, involves additional risk to the Company and its equity. If additional financing is not available, the Company may be required to curtail its activities and may not be able to continue in business. At present it is impossible to determine what amounts of additional funds, if any, may be required.

Securities or Industry Research and Reports

The trading market for the common shares of the Company could be influenced by the research and reports that industry or securities analysts publish about the Company. If one or more of these analysts cease coverage or fail to regularly publish reports, the Company could lose visibility in the financial markets, which in turn could cause the trading price or volume of its shares to decline. Moreover, if one or more of the analysts downgrade the Company or its shares or if the Company's operating results do not meet their expectations, the trading price of the Company's common shares could decline.

Dependence on Corporate Culture

The Company believes that a critical component of its success is its corporate culture, which the Company believes fosters innovation, encourages teamwork, cultivates creativity and promotes focus on execution. The Company has invested substantial time, energy and resources in building a highly collaborative team that works together effectively in an environment designed to promote openness, honesty, mutual respect and pursuit of common goals. As the Company continues to develop the infrastructure of a public company and grow, it may find it difficult to maintain these valuable aspects of its corporate culture. Any failure to preserve the Company's culture could negatively impact its future success, including its ability to attract and retain employees, encourage innovation and teamwork and effectively focus on and pursue its corporate objectives.

Management

The success of the Company is currently largely dependent on the performance of its executive management team. The loss of the services of these persons will have a materially adverse effect on the Company's business and prospects. There is no assurance the Company can maintain the services of its management or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Company, its business, and its prospects.

Client Acquisition and Retention

The Company anticipates continued client acquisition growth at current and future corporate locations. If securing such clients is not possible, the Company, its business, operating results, and financial condition could be materially and adversely affected.

Plans for Growth

The Company plans to grow rapidly and significantly expand its operation. Future growth will place additional demands on the Company's financial, managerial, and operations resources. If growth is not managed effectively it could have a material adverse effect on the Company's financial condition and results of operations. The Company may be required to manage multiple relationships with various strategic partners, users, advertisers, and other third parties. These requirements will be strained in the event of rapid growth, or a large increase in the number of third party relationships the Company has, as its systems, procedures, or controls may not be adequate to support increased operations. The current lack of financial resources could put a strain on management systems and internal controls. In the event that the Company does obtain additional financing, and if the recent growth in revenue continues, additional personnel and other resources may be required that could put further strain on such management and control. There can be no assurances that the Company will be able to effectively deal with such growth. A failure of management systems or internal controls could have a material adverse effect the Company, its business, operating results, and financial condition.

Global Economic, Political, and Social Conditions

The Company is subject to global economic, political and social conditions that may cause patients to delay or reduce medical treatments due to economic downturns, unemployment, and volatility in the costs of energy and other consumer goods, geopolitical uncertainties, and other macroeconomic factors affecting spending behavior.

The Company faces risks that may arise from financial difficulties experienced by suppliers or customers/clients, including:

- The risk that customers/clients may face financial difficulties or may become insolvent, which could lead to an inability to obtain payment of accounts receivable that those patients may owe;

- The risk that key suppliers of medical cannabis may face financial difficulties or may become insolvent, which could lead to disruption of the supply cannabis products; and

- The inability of customers/clients and/or suppliers to obtain credit financing to finance purchases of products and raw materials used to grow or build those products.

Should any of these risks occur, they could have a material adverse effect on the Company and its prospects.

Development Risks

Future development of the Company's business may not yield expected returns and may strain management resources. Development of the Company's revenue streams is subject to a number of risks, including construction delays, cost overruns, financing risks, cancellation of key service contracts and changes in government regulations. Overall costs may significantly exceed the costs that were estimated when the project was originally undertaken, which could result in reduced returns, or even losses, from such investments.

Dependence on Suppliers and Skilled Labour

The ability of the Company to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to skilled labour, equipment, parts and components. No assurances can be given that the Company will be successful in maintaining its required supply of skilled labour, equipment, parts and components. This could have an adverse effect on the financial results of the Company.

Intellectual Property Risks

The Company may have certain proprietary intellectual property, including but not limited to brands, trademarks, trade names, patents and proprietary processes. The Company will rely on this intellectual property, know-how and other proprietary information, and require certain employees, consultants and suppliers to sign confidentiality agreements. However, these confidentiality agreements may be breached, and the Company may not have adequate remedies for such breaches. Third parties may independently develop substantially equivalent proprietary information without infringing upon any proprietary technology. Third parties may otherwise gain access to the Company's proprietary information and adopt it in a competitive manner. Any loss of intellectual property protection may have a material adverse effect on the Company's business, results of operations or prospects.

Risks Inherent in the Acquisition of Acquired Companies and Brands

As part of the Company's overall business strategy, the Company has and may continue to pursue select strategic acquisitions to acquire technologies, businesses, brands or assets that are complementary to its business and/or enter into strategic alliances in order to leverage its position in the medical and recreational cannabis markets. While the Company conducts substantial due diligence in connection with such acquisitions, and plans to continue to do so in the future, there are risks inherent in any acquisition. Specifically, there could be unknown or undisclosed risks or liabilities of such companies for which the Company is not sufficiently indemnified. Any such unknown or undisclosed risks or liabilities could materially and adversely affect the Company's financial performance and results of operations. The Company currently anticipates that its historical acquisitions will be accretive; however, this expectation may materially change. The Company could encounter additional transaction and integration related costs or other factors such as the failure to realize all of the benefits from the acquisitions. All of these factors could cause dilution to the Company's earnings per share or decrease or delay the anticipated accretive effect of the acquisition and cause a decrease in the market price of the Company's common shares.

Future acquisitions may expose the Company to potential risks, including risks associated with: (a) the integration of new operations, services and personnel; (b) unforeseen or hidden liabilities; (c) the diversion of resources from the Company's existing business and technology; (d) potential inability to generate sufficient revenue to offset new costs; (e) the expenses of acquisitions; or (f) the potential loss of or harm to relationships with both employees and existing users resulting from its integration of new security measures could misappropriate proprietary information or cause interruptions in its operations. The Company may be required to expend capital and other resources to protect against such security breaches or to alleviate problems caused by such breaches.

Integrating Acquired Companies and Brands

The success of the acquisition of acquired companies and brands will depend, in part, on the ability of the Company to realize the anticipated benefits and synergies from integrating those companies and brands into the businesses of the Company. The Company may not be able to successfully integrate and combine the operations, personnel and technology infrastructure of acquired companies with its existing operations. If integration is not managed successfully by the Company's management, the Company may experience interruptions in its business activities, deterioration in its employee and customer relationships, increased costs of integration and harm to its reputation, all of which could have a material adverse effect on the Company's business, financial condition and results of operations. The Company may experience difficulties in combining corporate cultures, maintaining employee morale and retaining key employees.

The integration of acquired companies and brands may also impose substantial demands on the Company's management. There is no assurance that these acquisitions will be successfully integrated in a timely manner. The challenges involved in the Company's integration of acquired companies and brands may include, among other things, the following: (a) the necessity of coordinating both geographically disparate and geographically overlapping organizations; (b) retaining key personnel, including addressing the uncertainties of key employees regarding their future; (c) integrating acquired companies into the Company's accounting system and adjusting the Company's internal control environment to cover the operations of such acquired companies; (d) integration of information technology systems and resources; (e) performance shortfalls relative to expectations at one or both of the businesses as a result of the diversion of management's attention to the integration of such acquired companies; and (f) unplanned costs required to integrate acquired companies with the Company's existing business.

Brand Risks

The Company's success is reliant on, among other things, the value of the Company's brands, and the failure to preserve their value and relevance could have a negative impact on the Company's results of operations. To be successful in the future, the Company must preserve, enhance and leverage the value of the Company's brands. Brand value is based in part on consumer tastes, preferences and perceptions on a variety of factors. Consumer acceptance of the Company's brands may be influenced by or subject to change for a variety of reasons. For example, adverse publicity associated with the Company's business practices may drive popular opinion against the Company's brands. If the Company is unsuccessful in addressing any such adverse perceptions, the Company's brands and results of operations may suffer.

Uninsurable Risks

The Company carries comprehensive general liability, fire, and flood insurance with policy specifications, limits, and deductibles for its locations. It is possible that, in the future, the Company will not be able to obtain insurance for these types of risks at reasonably economic rates, or at all. In the course of developing the Company's business, certain risks, and in particular, medical malpractice or product liability suits, may occur. It is not always possible to fully insure against such risks and the Company may decide not to take out insurance against some or all of such risks as a result of high premiums or other reasons. Even a partially uninsured claim of significant size, if successful, could materially adversely affect the Company's business, financial condition, results of operations and liquidity, and result in increasing costs and a decline in the value of the securities of the Company. However, even if the Company successfully defends against any such claim, it could be forced to spend a substantial amount of money in litigation expenses, management could be required to spend valuable time in the defense against these claims, and the Company's reputation could suffer, any of which could adversely affect results of its operations.

The Company also carries primary directors and officers liability insurance.

The Company does not maintain key person insurance on any of its officers and as a result, the Company would bear the full loss and expense of hiring and replacing any officer in the event the loss of any such persons by their resignation, retirement, incapacity, or death, as well as any loss of business opportunity or other costs suffered by the Company from such loss of any officer.

Government Regulations, Permits and Licenses

The Company's operations may be subject to governmental laws or regulations promulgated by various legislatures or governmental agencies from time to time. A breach of such legislation may result in imposition of fines and penalties. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. The Company intends to fully comply with all governmental laws and regulations. There can be no assurance, however, that all permits which the Company may require for its operations and activities will be obtainable on reasonable terms or on a timely basis or such laws and regulations would not have an adverse effect on the Company's business.

The current or future operations of the Company are and will be governed by laws and regulations governing the health care industry, labour standards, occupational health and safety, land use, environmental protection, and other matters. Amendments to current laws, regulations and permits governing operations and activities of health clinics, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or costs, or reduction in levels of its medical services.

It is anticipated that the government of Canada will legalize recreational cannabis in 2018 and there can be no assurance that such laws and regulations would not have an adverse effect on the Company's business. It is expected that pending legislation relating to recreational cannabis will include introducing regulation governing taxation, sales and distribution of the product on a large scale and will significantly alter availability and demand for recreational cannabis. There can be no assurances that availability of recreational cannabis will not reduce the demand for medical cannabis, that recreational distributors may also become distributors of medical cannabis, or that the significant industry effect of new corporate entrants into the cannabis industry (some of which could have significantly more capital, distribution and marketing resources than the Company), may have an adverse effect of the Company's business.

Adult Use of Recreational Cannabis is not yet Legal

The Cannabis Act has not yet come into effect. There can be no assurance that the legalization of recreational cannabis by the Canadian Federal Government will occur on the terms in the proposed Cannabis Act or at all. Presently, the legislative framework pertaining to the Canadian recreational cannabis market (including regulation at the provincial and territorial level in respect of retail and distribution), remains uncertain. If the recreational cannabis market is not made available, that would have a material and adverse impact on the Company's business, operations and financial condition.

Provincial Legislation for Licensing and Retailing of Cannabis Varies

The Company is preparing to expand to retail locations to sell and distribute cannabis and cannabis related products under its recreational cannabis brand Meta in select provinces across Canada. Each province and territory will have different rules for the establishment and licensing of retail outlets as well as different conditions on what can be sold. Success for the Company will be dependent on obtaining licenses and favourable conditions for the retail locations.

Various provincial governments in Canada, including the provinces of British Columbia, Alberta, Manitoba, Ontario, Québec and New Brunswick have made varying announcements on the proposed regulatory regimes for the distribution and sale of cannabis for recreational purposes. There is no guarantee that provincial legislation regulating the distribution and sale of cannabis for recreational purposes will be enacted according to the terms announced by such provinces, or at all, or that any such legislation, if enacted, will create the growth opportunities that the Company currently anticipates.

Constraints on Marketing

The development of the Company's business and operating results may be hindered by applicable restrictions on sales and marketing activities imposed by government regulatory bodies. The regulatory environment in Canada limits companies' abilities to compete for market share. If the Company is unable to effectively market and compete for market share, or if the costs of compliance with government legislation and regulation cannot be absorbed, the Company's operations could be adversely affected.

Risks of Retail Store Operations

Growth of the Company's retail network depends, among other things, on the Company's ability to secure desirable locations on terms acceptable to the Company. The Company faces competition for retail locations from its competitors and from operators of other businesses. The success of many retail locations is significantly influenced by location. There can be no assurance that the Company's retail locations will continue to be attractive, or that additional retail storefronts can be located and secured as demographic and traffic patterns change. Also, there is no guarantee that the property leases in respect of prospective retail locations can be established on terms acceptable to the Company, or at all, and that property leases in respect of existing retail locations will be renewed or that suitable alternative locations can be obtained. It is possible that the locations or economic conditions where retail locations are located could decline in the future, resulting in reduced sales in those locations. There is no assurance that future sites will produce the same results as past sites.

Unfavourable Publicity or Consumer Perception

Management of the Company believes the medical cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the medical cannabis produced. Consumer perception may be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medical cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the medical cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the Company's business, results of operations, financial condition and cash flows. The Company's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Company and the business, results of operations, financial condition and cash flows of the Company. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of medical cannabis in general, or associating the consumption of medical cannabis with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

Complications with Research Data

The research data collected by the Company will be an integral part of its business for the production of research based reports. If there are issues with the data's integrity or security, the data and research based reports could be considered ineffective or unreliable.

Operating History

NAC was founded in November, 2014. Since November, 2014, NAC, and now the Company following completion of the Qualifying Transaction (the Company having carried on the business of NAC post-Qualifying Transaction) has been focused on developing a network of medical cannabis caregiver clinics throughout Canada. Strategic plans include the development of a distribution and retail model of cannabis working within regulations at the Federal, Provincial, and Municipal levels. There is only a limited operating history upon which to base an evaluation of the Company, its business, and prospects. Given the limited history of revenue and the absence of regular cash flow or profit, the Company's prospects must be considered in light of the risks, expenses and difficulties frequently encountered by early stage businesses in new and rapidly evolving markets. There is no assurance that the Company can generate sufficient revenues to operate profitably or provide a return on investment or that it will successfully implement its business plan. There can be no assurance that the Company will be successful.

Risks Inherent in the Nature of the Health Clinic Industry

Changes in operating costs (including costs for maintenance and insurance), inability to obtain permits required to conduct the Company's business, changes in health care laws and governmental regulations and various other factors may significantly impact the ability of the Company to generate revenues. Certain significant expenditures, including legal fees, borrowing costs, maintenance costs, insurance costs, and related charges must be made to operate its locations, regardless of whether the Company is generating revenue.

Competition

The medicinal cannabis industry is intensely competitive and the Company competes with other companies that may have greater financial resources and technical facilities. Numerous other businesses are likely to compete in the clinic space and provide additional patient servicing in seeking patients that purchase medicinal cannabis. It is possible that other third parties could also establish their own medical clinics that are similar to the Company's.

Price Volatility of Publicly Traded Securities

In recent years, the securities markets in Canada and the United States have experienced a high level of price and volume volatility and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the common shares of the Company will be subject to market trends generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings.

Dividends

The Company has not paid dividends on its shares since incorporation and does not anticipate paying any dividends on its common shares in the foreseeable future.

Litigation

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company such a decision could adversely affect the Company's ability to continue operating, the market price for the Company's common shares and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant Company resources.

Potential Conflicts of Interest

Certain of the directors and officers of the Company also serve as directors and/or officers of other companies involved in the industries in which the Company operates, and consequently there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by any of such directors and officers will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Company. Conflicts of interest may also arise in the event the Company, its clinics, pharmacies, Cannabinoid Therapy Educators, physicians or other staff are paid an education grant from a Licensed Producer or dispensary that is related to the Company or even as a result of commissions or education grants received from unrelated third parties. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws and the internal policies and procedures of the Company.

Legal and Accounting Requirements

As a publicly-listed company, the Company is subject to numerous legal and accounting requirements that do not apply to private companies. The cost of compliance with many of these requirements is material. Failure to comply with these requirements can have numerous adverse consequences including, but not limited to, the Company's inability to file required periodic reports on a timely basis, loss of market confidence, delisting of its securities and/or governmental or private actions against the Company. There can be no assurance that the Company will be able to comply with all of these requirements or that the cost of such compliance will not prove to be a substantial competitive disadvantage vis-à-vis privately-held and larger public competitors.

Accounting Policies and Internal Controls

The Company prepares its financial reports in accordance with International Financial Reporting Standards. In preparation of its financial reports, management may need to rely upon assumptions, make estimates or use their best judgment in determining the financial condition of the Company. Significant accounting policies are described in more detail in the Company's audited financial statements. In order to have a reasonable level of assurance that financial transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported, the Company has implemented and continues to analyze its internal control systems for financial reporting. Although the Company believes its financial reporting and financial statements are prepared with reasonable safeguards to ensure reliability, the Company cannot provide absolute assurance in this regard.