

GREEN GROWTH BRANDS

GREEN GROWTH BRANDS INC.

(formerly Xanthic Biopharma Inc.)

MANAGEMENT DISCUSSION AND ANALYSIS

**FOR THE THREE AND NINE MONTHS ENDED MARCH 31, 2019 AND THE PERIOD
ENDED MARCH 31, 2018**

MANAGEMENT DISCUSSION AND ANALYSIS

Green Growth Brands Inc. (formerly Xanthic Biopharma Inc. (“**Xanthic**”)) (“GGB” or the “Company”) was incorporated under the *Business Corporations Act* (Ontario). On November 9, 2018, Green Growth Brands Ltd. (“**GGB Ltd.**”) was acquired by Xanthic in a reverse takeover transaction.

GGB is in the business of cultivating, processing and retailing cannabis and cannabidiol (“**CBD**”) infused consumer products. The GGB team is comprised of retail and consumer packaged goods experts with decades of experience building successful brands.

The Company’s objectives are to develop and sell CBD personal care and beauty products and establish retail cannabis locations, or otherwise apply for such licenses, in various states within that timeframe, pursuant to state laws. Such activity will focus on those certain states where cannabis has been legalized for medical and/or recreational use at the state level.

The Company’s registered office is 5300 Commerce Court West 199 Bay Street, Toronto, Ontario M5L 1B9.

This Management’s Discussion and Analysis (“MD&A”) has been prepared with an effective date of May 28, 2019, and provides an update on matters discussed in, and should be read in conjunction with the Company’s unaudited interim consolidated financial statements for the three and nine months, including the notes thereto, as at and for period ended March 31, 2019 (the “March 2019 Financial Statements”), which have been prepared using International Financial Reporting Standards (“IFRS”), available under the Company’s profile at www.sedar.com. All amounts are in United States dollars unless otherwise specified. Tabular dollar amounts, unless otherwise specified, are in United States dollars, except for per unit or per share amounts. This MD&A contains forward looking statements that are based on certain estimates and assumptions and involve risks and uncertainties. Actual results may vary materially from management’s expectations. See the “*Caution Concerning Forward Looking Statements*” section in this MD&A.

In this MD&A, reference is made to net revenue per selling square foot, gross profit before fair value adjustments, adjusted gross margin and adjusted EBITDA, which are not measures of financial performance under IFRS. For purposes of the MD&A, the Company calculates each as follows:

“Net revenue per selling square foot” is defined as annualized net revenue per IFRS divided by the amount of saleable square feet at the Company’s dispensary. This measure does not include stock rooms and waiting areas.

“Gross profit before fair value adjustments” is equal to gross profit less non-cash increases (decreases) in the fair value adjustments on sale of inventory and on growth of biological assets, if any. Management believes this measure provides useful information as it removes fair value metrics tied to increasing (decreasing) stock levels required by IFRS.

“Adjusted gross margin” is gross profit before fair value adjustments divided by revenue. Management believes this measure provides useful information as it represents gross margin based on the Company’s cost to produce inventory sold and removes fair value metrics tied to increasing stock levels (decreasing stock levels) required by IFRS.

“Adjusted EBITDA” is net income (loss) before interest, taxes and depreciation and amortization, plus fair value adjustments on sale of inventory and on growth of biological assets, share-based compensation, interest and bank charges, loss (gain) on equity investments, , loss (gain) on foreign exchange, loss (gain) on short-term investments, transaction costs,, listing fees and certain one-time non-operating expenses, as determined by management. Management believes this measure provides useful information as it is a commonly used measure in the capital markets and as it is a close proxy for repeatable cash generated by (used for) operations.

These measures are not necessarily comparable to similarly titled measures used by other companies.

The Company currently does, and is expected to continue to, derive its revenues from the cannabis industry in certain states in the United States, which industry is illegal under Federal Law in the United States. GGB is directly involved (through its licensed wholly-owned subsidiaries) in the medical or adult-use cannabis industry in the States of Nevada and Massachusetts. See “Issuers with U.S. Cannabis-Related Assets”. Almost half of the states in the United States have enacted legislation to regulate the sale and use of medical cannabis without limits on tetrahydrocannabinol (“THC”), while other states have regulated the sale and use of medical cannabis with strict limits on the levels of THC. Notwithstanding the permissive regulatory environment of medical cannabis at the state level, cannabis continues to be categorized as a controlled substance under the Controlled Substances Act (the “U.S. CSA”) in the United States and as such, is in violation of federal law in the United States. Despite the current state of the federal law and the U.S. CSA, certain states have legalized the recreational use of cannabis, including Nevada and Massachusetts where the Company has a direct involvement in U.S. cannabis.

As a result of the conflicting views between state legislatures and the federal government regarding cannabis, investments in cannabis businesses in the United States are subject to inconsistent legislation and regulation. The Supremacy Clause of the United States Constitution establishes that the United States Constitution and federal laws made pursuant to it are paramount and in case of conflict between federal and state law, the federal law must be applied. Notwithstanding the paramountcy of federal law in the United States, enforcement of such laws may be limited by other means or circumstances, which are further described in this document.

Unless and until the United States Congress amends the U.S. CSA with respect to cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a significant risk that federal authorities may enforce current federal law, which may adversely affect the current and future operations of the Company in the United States. As such, there are a number of significant risks associated with the Company's existing and future operations in the United States, and such operations may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada. As a result, the Company may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Company's ability to operate in the United States or any other jurisdiction. See “Risk Factors”.

For the reasons set forth above, the Company's existing interests and operations in the United States cannabis market may become the subject of heightened scrutiny by regulators, stock exchanges, clearing agencies and other authorities in Canada. There are a number of significant risks associated with the business of the Company. See “Issuers with U.S. Cannabis-Related Assets” and “Risk Factors”.

CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

Certain statements in this MD&A may contain “forward-looking information,” within the meaning of applicable securities laws. Such statements include, but are not limited to, statements with respect to expectations, projections, or other characterizations of future events or circumstances, and our objectives, goals, strategies, beliefs, intentions, plans, estimates, projections and outlook, including statements relating to our plans and objectives, or estimates or predictions of actions of customers, suppliers, competitors or regulatory authorities. These statements are subject to certain risks, assumptions and uncertainties that could cause actual results to differ materially from those included in the forward-looking statements. The words “believe”, “plan”, “intend”, “estimate”, “expect”, or “anticipate”, and similar expressions, as well as future or conditional verbs such as “will”, “should”, “would”, and “could” often identify forward-looking statements. Management has based these forward-looking statements on its current views with respect to future events and financial performance. With respect to forward looking statements contained in this MD&A, management has made assumptions and applied certain factors regarding, among other things: future product pricing; costs of inputs; the Company’s ability to successfully market its products to its anticipated clients; the Company’s reliance on its key personnel; the certain regulatory requirements; the application of federal and state environmental laws; and the impact of increasing competition. These forward-looking statements are also subject to the risks and uncertainties discussed in the “Risks Factors” section of the CSE listing Statement as filed on SEDAR and elsewhere in this MD&A and other risks detailed from time to time in the publicly filed disclosure documents of the Company which are available at www.sedar.com. Forward-looking statements are not guarantees of future performance and involve risks, uncertainties, and assumptions which could cause actual results to differ materially from the conclusions, forecasts, or projections anticipated in these forward-looking statements. Because of these risks, uncertainties, and assumptions, the reader should not place undue reliance on these forward-looking statements. To the extent any forward-looking information in this MD&A constitutes future-oriented financial information or financial outlook, within the meaning of applicable securities laws, such information is being provided to demonstrate the potential of the Company and readers are cautioned that this information may not be appropriate for any other purpose. The Company’s forward-looking statements are made only as of the date of this MD&A, and except as required by applicable law, the Company undertakes no obligation to update or revise these forward-looking statements to reflect new information, future events or circumstances.

GOING CONCERN ASSUMPTION AND EARLY STAGE CORPORATION

The Company’s ability to continue as a going concern is dependent upon its ability to raise the necessary capital to finance the Company’s business strategy to be a vertically integrated U.S. multi-state cannabis operator and a retailer of branded CBD personal care products, primarily sold in wholly owned kiosk shops in mall locations and e-commerce sites, and through wholesale partnerships, in the U.S. The March 2019 Financial Statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business. The amounts the Company may realize on the disposition of its assets or the discharging of its liabilities in other than the normal course of its business may be significantly different than the carrying value of these assets and liabilities as reflected in the March 2019 Financial Statements.

OVERVIEW OF THE COMPANY

Description of Business

GGB operates two distinct lines of business: cannabis cultivation, production, wholesale and retail operations; and CBD-infused consumer product production, wholesale, and retail. The background of management is in leading retail and consumer packaged goods organizations. Management is applying best practice retail and product development methodologies to the Cannabis and CBD Segments in order to elevate and differentiate GGB’s offerings.

As of March 31, 2019, the Company had the following cannabis related licenses:

License	# Licenses	Type	State
Medical Cultivation	2	Cultivation	Nevada and Massachusetts, US
Medical Dispensary	2	Retail	Nevada and Massachusetts, US
Adult use Dispensary	8	Retail	Nevada, US
Medical Production	2	Production	Nevada and Massachusetts, US
Adult use Cultivation	1	Cultivation	Nevada, US
Adult use Production	1	Production	Nevada, US

Highlights from the three and nine months ended March 31, 2019

During the three months:

- On January 30, 2019, the Company closed on the acquisition of Just Healthy LLC, gaining the Company access to provisional certificates of registration in Massachusetts to operate up to three dispensaries and a cultivation and processing facility
- On February 7, 2019, the Company announced licensing agreement with Authentic Brands Group to create branded Greg Norman CBD personal care products
- On February 11, 2019, the Company announced an agreement with Simon Property group to lease approximately 108 CBD kiosk shop locations throughout U.S. based malls
- On February 13, 2019, the first Seventh Sense CBD mall-based kiosk shop opened in Lexington, KY, with a total of 6 shops opened during the period
- On February 14, 2019, the Company launched its eCommerce website for consumers to purchase Seventh Sense CBD personal care and beauty products was launched
- On March 15, 2019, the Company launched Seventh Sense products in 98 DSW stores throughout the U.S.

During the nine months:

- In October 2018, the Company conducted a test period for Seventh Sense CBD products in 10 DSW stores
- On November 9, 2018, the Company completed the Business Combination and on November 13, 2018, the Company was publicly listed on the Canadian Securities Exchange under symbol “GGB”
- On December 20, 2018, the Company began trading on the OTCQB Venture Market under the symbol “GGBXF”
- On December 21, 2018, the Agriculture Act of 2018, known as the “Farm Bill” was signed by President Trump, removing industrial hemp from the definition of “marihuana” under the federal Controlled Substances Act

Recent Developments

Nevada Organic Remedies LLC Acquisition (“NOR”)

As further discussed below, on September 4, 2018, the Company through GGB Nevada LLC (“GGB Nevada”), a wholly owned subsidiary, completed the purchase of NOR from its members (“NOR Members”) pursuant to which GGB Nevada acquired (the “NOR Acquisition”) 95% of the outstanding membership interests of NOR for aggregate consideration of \$56,750,000 payable by a combination of cash, stock, and a promissory note (“Purchase Note”). The balance of the 5% or \$2,837,500 to the NOR Members was satisfied by the issuance of common shares of the resulting issuer following completion of the business combination with GGB, which was completed November 9, 2018. However, under the NOR Agreement, the remaining 5% is retained by the NOR Members as security until the Purchase Note is settled.

Following an amendment that extended the maturity date of the Purchase Note from March 4, 2019, to May 4, 2019, the Company repaid \$6,080,000 on March 4, 2019. Following a second amendment dated May 8, 2019, the maturity date of the Purchase Note was further extended to June 28, 2019.

Seven additional retail licenses awarded

On December 5, 2018, GGB was awarded seven additional retail cannabis dispensary licenses by the Nevada Department of Taxation to operate in the state of Nevada. GGB expects to have the first four locations operating by the end of calendar 2019, with the remainder opening in 2020, subject to the favorable resolution of regulations and permitting with local authorities.

Just Healthy LLC Acquisition

On January 30, 2019, GGB acquired 100% of the membership interests of Just Healthy LLC (“**Just Healthy**”). Just Healthy holds provisional certificates of registration for a registered marijuana dispensary in Northampton, Massachusetts, as well as a cultivation and processing site, also located in Northampton. The license allows for a total of up to three medical dispensaries with preferred treatment for future adult use. Pursuant to the terms of the Just Healthy membership interest purchase agreement, the Company issued 1,741,244 common shares in the capital of GGB (the “**GGB Shares**”). The fair value of GGB Shares on January 30, 2019 was CAD\$5.04. GGB also assumed and satisfied \$455,000 of Just Healthy corporate debt. In connection with the acquisition of Just Healthy, the Company elected to exercise an option to purchase land in the Northampton, Massachusetts area for a total purchase price of \$709,306. The land is the planned future site of the cultivation facility.

Wellness Orchards of Nevada LLC acquisition

On December 12, 2018, the Company entered into definitive agreements to acquire a Pahrump, Nevada cultivation facility operated by Wellness Orchards of Nevada LLC (“**WON**”) and Panorama WON LLC (“**Panorama**”) for a total purchase price of \$13,372,162. Subsequent to the quarter end, on May 17, 2019, the Company announced it had closed on this acquisition. Through this acquisition, GGB expects to expand its current Nevada footprint to two cultivation facilities in 2019. WON currently operates a 12,000 square foot cannabis cultivation facility in Pahrump, while Panorama owns the real property and assets upon which the cultivation facility operates.

The transaction closed on May 16, 2019, bringing GGB’s Nevada cultivation footprint to two facilities and positioning the Company to supply its retail operations and enhance its current cannabis wholesale operations.

Henderson Organic Remedies Irrevocable Option

On December 14, 2018, GGB agreed to an irrevocable option (the “**Henderson Option**”) to acquire all of the membership interests of Henderson Organic Remedies, LLC (“**Henderson Organic**”) together with the right to all of Henderson Organic’s free cash flow until exercise of the Henderson Option in consideration of the issuance of (i) a secured loan (the “**Loan**”) in the principal amount of \$15,485,000 and (ii) a common share purchase warrant (the “**Warrant**”) exercisable for an aggregate of 7,609,746 GGB Shares. Henderson Organic operates a 2,693 square foot medical and retail marijuana dispensary facility located in Henderson, Nevada. In connection with these transactions, HOR Holdings LLC (“**HOR Holdings**”) is expected to acquire (the “**Henderson Acquisition**”) all of the membership interests of Henderson Organic.

The completion of the Henderson Acquisition and the exercise of the Warrant (which is intended to be satisfied by the issuance of the Henderson Option to GGB) are expected to occur in June 2019 and remain subject to municipal regulatory approval and customary conditions of closing. The proposed transactions have been structured to comply with both local and state laws and, following a change to local laws in Henderson, Nevada in February 2019 that permitted ownership by foreign, public entities, HOR Holdings assigned its interest in the Henderson Acquisition to GGB. The Loan, which was issued on December 13, 2018, to certain members of Henderson Organic, had an original maturity date of May 4, 2019, bears interest at a simple annual rate of 6% and is secured against (i) a portion of the payment obligation of NOR, in favor of the borrowers under the Loan (which portion is equal to the principal amount and accrued interest under the Loan) and (ii) all membership interests of Henderson Organic held by the borrowers under the Loan. The Warrant, which was issued to HOR Holdings LLC on December 13, 2018, expires on December 31, 2019, and vests only upon completion of Henderson Acquisition. Once vested, the Warrant is exercisable for an aggregate of 7,609,746 GGB Shares at an exercise price of CAD\$3.16 per GGB Share (reflecting the price per GGB Share as of the close of trading on December 12, 2018).

Subsequent to March 31, 2019, a second amendment was agreed on with the members of Henderson Organic to extend the due date of the Loan from May 4, 2019, to June 28, 2019. As a condition of the Purchase Note extension, the Company agreed to return the licensing fees earned up to May 8, 2019. Therefore, the Company expects to incur a net charge of \$1,043,000 in the fourth quarter of 2019 in connection with the return of licensing fees earned to May 8, 2019.

Senior Management appointments

In late January 2019, the Company announced the appointment of Peter Horvath as Chief Executive Officer, Ed Kistner as Chief Administrative Officer and Brian Logan as Chief Financial Officer, who collectively bring to the Company their extensive retail experience.

On February 26, 2019, the Company announced the appointment of Randy Whitaker as Chief Operating Officer, who brings retail and real estate expertise to the Company.

Aphria Takeover Bid

On January 23, 2019, GGB announced that it had filed its offer to purchase (the “**Offer**”) all of the issued and outstanding common shares (the “**Aphria Shares**”) of Aphria Inc. (“**Aphria**”), including any Aphria Shares that may become issued and outstanding after the date of the Offer but prior to 5:00 p.m. (Toronto time) on May 9, 2019 upon the conversion, exchange or exercise of any convertible securities, in accordance with the terms and subject to the conditions contained in the Offer.

On April 15, 2019, the Company announced that it had reached an agreement with Aphria to shorten the expiry time for acceptance of its Offer from May 9, 2019, to April 25, 2019. On April 25, 2019, the Company announced the Offer had expired. The Company did not take up any Aphria Shares as the conditions of the Offer had not been met.

On May 15, 2019 the Company completed the previously announced repurchase of 27,300,000 of its common shares held by GA Opportunities Corp. (“GAOC”) for aggregate consideration of CAD\$89,000,000, or at a discounted price of approximately CAD\$3.26 per share (the “Repurchase”), through a combination of cash and a secured promissory note, representing approximately 13% of its outstanding shares. The aggregate consideration was satisfied by delivery of a secured promissory note (“GAOC Note”) in the principal amount of CAD\$39,000,000 and cash in the amount of CAD\$50,000,000. The GAOC Note is payable in six months from May 15, 2019 and bears interest at 3% per annum. GAOC or its permitted transferee will continue to hold 200,000 GGB shares following the completion of the Repurchase, which shares are subject to a 12-month lock-up agreement on customary terms with 16,666 shares released per month. As GAOC will hold less than 5% of the issued and outstanding GGB common shares on closing of the Repurchase (on a non-diluted basis), it no longer has rights under the Nomination Rights Agreement with the Company.

ZLJT LLC & Arizona Natural Pain Solutions Inc. Acquisition

On January 31, 2019, GGB entered into an arm’s length definitive agreement to acquire control of ZLJT LLC & Arizona Natural Pain Solutions Inc. (collectively, “**Desert Rose**”). Desert Rose holds a license for a vertically-integrated operation in Arizona, including retail, cultivation & infusion (kitchen). As consideration for the membership interests, GGB will pay an aggregate purchase price of \$12,350,000 in cash.

Completion of the acquisition of Desert Rose is remains subject to regulatory approval, customary conditions of closing and the satisfactory completion of due diligence by the Company.

Authentic Brands Group and Greg Norman Licensing Agreement

On February 7, 2019, GGB Beauty LLC, a subsidiary of GGB, announced it had executed a licensing agreement with Authentic Brands Group (“**ABG**”) and the Greg Norman brand to develop a line of CBD infused personal care products designed for active men and women. ABG is a brand development and marketing company. The agreement is for a five-year term with certain guaranteed annual minimum royalties. The Company has discretion to terminate the Agreement at any time subject to a \$8,000,000 termination fee.

Simon Property Group Leases

On February 11, 2019, GGB announced that it had entered into an arrangement through which the Company gained access to 108 prime shop locations in U.S. malls owned and operated by the Simon Property Group, Inc. (NYSE: SPG) (“**Simon**”). Pursuant to the arrangement, GGB will further expand its chain of CBD-infused personal care product shops under the Seventh Sense Botanical Therapy (“**Seventh Sense**”) brand and other GGB brands.

In conjunction with the Simon transaction, the Company, through its wholly owned subsidiary GGB Kiosks LLC, has entered into a consulting agreement for services rendered with Simon Canada Management Ltd. (“**Simon Canada**”). In exchange for the services rendered under the this consulting agreement, which relate to GGB's shop expansion strategy, the Company has issued to Simon Canada \$2,204,280 (CAD\$2,925,000) in GGB Shares and 1,000,000 GGB Share purchase warrants with an exercise price of \$4.47 (CAD\$5.85) per GGB Share, with both the GGB Shares and the warrants reflecting the GGB Share price as of close of trading on February 7, 2019. The GGB Shares issued to Simon Canada are subject to a lock up agreement for a period of 12 months from the effective date.

GGB also entered into an Advisory Services Agreement (the “**Advisory Agreement**”) with J. Salter Ltd., d.b.a. Authentic Retail Concepts, Ltd. (“**ARC**”), for a variety of consulting services that leverage a network of strategic relationships, including Simon Property Group. As compensation for the services under the Advisory Agreement, GGB has issued to ARC \$2,204,280 (CAD\$2,925,000) in GGB Shares at a price of \$4.47 (CAD\$5.85) per GGB Share. The GGB Shares issued to ARC are subject to a lock up agreement for a period of 12 months from the effective date.

As at May 28, 2019, the Company has opened in excess of 30 Seventh Sense CBD mall-based kiosk shops in various states.

Debenture Financing

On May 17, 2019, the Company announced that it had raised gross proceeds of \$45,500,000 (CAD\$61,200,000) pursuant to a private placement convertible debt in the form of 15% secured convertible debentures (the “**Debentures**”) at a price of \$1,000 per Debenture and with a conversion price equivalent to CAD\$7.00 per common share. The net proceeds of the Debenture financing will be used for general corporate and working capital purposes.

Each Debenture has a maturity date of May 17, 2020 (the “**Maturity Date**”) and is convertible, in certain circumstances, into proportionate voting shares in the capital of the Company (the “**PV Shares**”) at a conversion price per PV Share equal to CAD\$3,500.00 (being equivalent to CAD\$7.00 per common share) divided by the Canadian-US exchange rate on the business day prior to conversion (the “**Conversion Price**”).

Interest on the Debentures accrues daily and is payable to the holders thereof initially on November 17, 2019 and the balance on the Maturity Date. On the Maturity Date, the principal amount of the Debentures shall be payable by the Company in cash (together with all accrued but unpaid interest thereon) or, at the option of the holder thereof, in PV Shares at the Conversion Price, without adjustment for interest accrued on the Debentures or for dividends or distributions on the PV Shares issuable upon conversion, all subject to the terms and conditions and in the manner set forth in the Debenture Indenture.

The obligations of the Company under the Debentures will be secured by a general security agreement over all of the Company’s applicable present and after-acquired personal property.

Operational and Regulation Overview

Nevada

Medical marijuana use was legalized in Nevada by a ballot initiative in 2000. In November 2016, voters in Nevada passed an adult-use marijuana measure to allow for the sale of recreational marijuana in the state. The first dispensaries to sell adult-use marijuana began sales in July 2017. The Nevada Department of Taxation (“DOT”) is the regulatory agency overseeing the medical and adult use cannabis programs. Cities and counties in Nevada are allowed to determine the number of local marijuana licenses they will issue.

The Company, through its wholly-owned subsidiary, NOR, is licensed to possess, cultivate, process, dispense and sell medical and recreational cannabis in the State of Nevada. NOR operates a facility which is approximately 12,000 square feet located in Clark County, Nevada, where cultivation, production, and distribution take place.

Massachusetts

Massachusetts’ medical cannabis market was established by “An Act for the Humanitarian Medical Use of Marijuana” in November 2012 when voters passed Ballot Question 3 “Massachusetts Medical Marijuana Initiative.”

In November 2016, Massachusetts voters legalized adult-use cannabis by passing ballot Question 4 – “The Regulation and Taxation of Marijuana Act.” In July 2017, the state enacted legislation setting forth the adult-use cannabis framework. In March 2018, the Cannabis Control Commission (the “Commission”), the regulatory body set up to regulate the adult-use market, approved the rules that will govern the industry. While the Commission originally aimed to launch adult-use sales on July 1, 2018, administrative delays resulted in the first adult-use cannabis retail store opening in November 2018.

The Company, through its wholly owned subsidiary Just Healthy, holds provisional certificates of registration for a registered medical marijuana dispensary in Northampton, Massachusetts, as well as a cultivation and processing site, also located in Northampton. The license allows for a total of up to three medical dispensaries with preferred treatment for adult use cannabis. The Company anticipates completing the adult-use cannabis licensing process at some point in 2019.

Corporate Outlook and Strategy

GGB is a customer-centric retailer. The focus is to earn customer loyalty with remarkable experiences across all touch points through a stable of brands that resonate with a new generation of cannabis and CBD consumers.

GGB has two core differentiators from its competitors: (1) the experience of its management team and (2) its diversified business model.

Management is comprised of leaders who have been involved in saturated and mature markets. Their experience includes building strategies that drove results at publicly traded Fortune 500 companies.

This experience is being applied to both cannabis retail and CBD-infused personal care and beauty products. These two complimentary lines of business allow GGB to participate in both high-growth industries.

Management experience in retail allows them to critically assess the existing cannabis retail industry and vastly improve the customer experience. These enhancements include, intentional product development, assortment architecture, store and packaging design, real estate selection, accurate inventory demand forecasting, and associate training and retention. All GGB cannabis stores will have the same fundamental retail best practices but may be branded under different names. Store brands and locations will be based upon the local market to best align with local culture and values.

Related to CBD products, GGB’s focus is on creating a broad assortment of high quality, affordably priced CBD-infused topical personal care and beauty products. The products will be sold in mall-based CBD kiosk shops, eCommerce, and wholesale partnerships that include specialty retail, mass merchants, and dispensaries.

Background

On September 4, 2018, the Company, through GGB Nevada, completed the NOR Acquisition pursuant to which it acquired all of the issued and outstanding membership interests of NOR for aggregate consideration of \$56,750,000 payable by a combination of cash and a promissory note. NOR is a vertically-integrated cannabis operator with cultivation, processing, and retail facilities in Nevada.

On July 16, 2018, the Company advanced on signing of the NOR agreement a deposit of \$2,000,000. On September 4, 2018, the Company through GGB Nevada, made the initial cash payment of \$30,347,500 required pursuant to the NOR Agreement in connection with the closing of the NOR Acquisition. In addition, on closing of the NOR Acquisition, GGB Nevada delivered to the NOR Members a secured promissory note (the “Purchase Note”) in the principal amount of \$21,565,000. Following an amendment that extended the maturity date of the Purchase Note from March 4, 2019, to May 4, 2019, the Company repaid \$6,080,000 on March 4, 2019 per an amendment to the Purchase Note. Following a second amendment dated May 8, 2019, the maturity date of the Purchase Note was extended to June 28, 2019. The balance of \$2,837,500 owing to the NOR Members was settled with the issuance of common shares of the Company. Until such time as the Purchase Note is settled, the remaining 5% is retained by the NOR Members as security.

Business Combination

On July 13, 2018, the Company entered into a business combination agreement (the “**Definitive Agreement**”) with GGB Ltd., as amended on August 30, 2018, and as amended and restated on October 30, 2018, pursuant to which GGB Ltd. and a wholly-owned subsidiary of the Company would effect a three-cornered amalgamation (the “**Amalgamation**”) to form a wholly owned subsidiary of the Company (the “**Business Combination**” or “RTO”). The Business Combination was completed on November 9, 2018.

Following the close of the Business Combination, all the issued and outstanding shares in the capital of GGB Ltd. Shares were acquired by the Company and as consideration, the Company issued to the GGB Ltd. shareholders, on a 3.43522878-for-one basis, 598,613,452 common shares in the capital of the Company in exchange for the then issued and outstanding GGB Ltd. shares. In addition, the Company reorganized its share structure and consolidated all of its issued and outstanding shares (the “**Consolidation**”) on the basis of four (4) pre-consolidation shares for one (1) post-Consolidation share.

Following the completion of the Business Combination, previous GGB Ltd. shareholders held approximately 134,382,404 shares in the capital of the Company, representing approximately 81% of the Company’s issued and outstanding capital on a non-diluted basis. A deemed value of CAD\$1.44 per share was placed on the Company’s shares issued in connection with the Business Combination, post-Consolidation.

Prior to the Business Combination, GGB Ltd. completed a private placement for gross proceeds of CAD\$55,000,000. GAOC subscribed for 15,271,040 common shares in the capital of the Company at CAD\$2.00 per share and 12,228,960 common share purchase warrants of the Company, which warrants could be exercised at an exercise price of CAD\$2.00 for a further 12,228,960 common shares in the capital of the Company. GAOC exercised its warrants prior to closing on the Business Combination and was issued 12,228,960 additional common shares upon payment of the aggregate exercise price on December 4, 2018.

The Company resumed trading on the CSE on November 13, 2018, following the approval and closing of the Business Combination on November 9, 2018.

For more information on the Business Combination please refer to the Company’s listing statement as filed under the Company’s profile on SEDAR on November 12, 2018.

Business Combination Accounting

The Business Combination constituted a reverse takeover transaction by GGB Ltd., and Xanthic is considered to have met the definition of a business, as defined in IFRS 3 – *Business Combinations* due to its productive operating

potential. The consideration paid was determined based on the fair value of CAD\$1.44 per common share based on the price of the GGB Ltd. convertible debentures conversion ratio at the time of the Business Combination. Therefore, fair value ascribed to Xanthic was \$4,582,299 based on what GGB Ltd. would have paid to acquire 100% of Xanthic.

In accordance with IFRS 3, GGB Ltd. was determined to be the accounting acquirer and legal acquiree. Therefore, the operating results of the Company for the three and nine month ended March 31, 2019, reflects the operations of GGB Ltd. and its subsidiaries from July 1, 2018 to March 31, 2019, and the operating results of Xanthic, including NOR, from the Business Combination date of November 9, 2018 to March 31, 2019.

The following represents the allocation of the purchase price by the Company and the step purchase on the NOR acquisition and subsequent GGB RTO:

	NOR		Xanthic	Total
Cash	\$ 877,027	\$ 285,393	\$	1,162,420
Accounts receivable	276,449	-		276,449
Other receivables	58,777	67,781		126,558
Inventory	1,624,095	177,665		1,801,760
Property, plant and equipment	347,704	122,153		469,857
Equity Investment	-	838,688		838,688
Investment in NOR	-	56,750,000		56,750,000
Intangible assets	32,235,000	-		32,235,000
Goodwill	22,313,742	4,018,738		26,332,480
Accounts payable and accrued liabilities	(982,794)	(547,274)		(1,530,068)
other financial liabilities	-	(3,137,500)		(3,137,500)
Interest bearing Loans	-	(53,912,500)		(53,912,500)
	\$ 56,750,000	\$ 4,663,144	\$	61,413,144

Fair value of consideration paid:

Cash	\$ 32,347,500	\$ -	\$	32,347,500
Promissory note	21,565,000	-		21,565,000
Common Shares	2,837,500	4,663,144		7,500,644
	\$ 56,750,000	\$ 4,663,144	\$	61,413,144

Just Healthy Acquisition

On January 30, 2019, the Company acquired 100% of the membership interests of Just Healthy, who holds provisional certificates of registration for a registered medical cannabis dispensary, cultivation, and processing site in Northampton, Massachusetts. Pursuant to the terms of the agreement, the Company paid \$6,561,717 satisfied by issuance of 1,741,244 common shares of the Company at a price of CAD\$5.04 per common share representing the closing market price of the common shares on January 30, 2019. The Company also assumed and settled for cash \$455,000 of Just Healthy corporate debt. Further, the Company exercised its option to acquire the land package associated with the license for \$709,306.

Since Just Healthy did not meet the definition of a business under IFRS 3 – Business Combinations, the acquisition was accounted for as a purchase of the Just Healthy’s assets. The consideration paid was determined as equity-settled share-based payments under IFRS 2, at the fair value of the equity of the Company issued to the shareholders of Just Healthy based on the fair value of the Company common shares on the date of the closing noted above. IFRS 2 requires the shares issued for the acquisition of the net assets of Just Healthy be measured at the fair value of the net assets, unless the fair value cannot be reliably estimated. The Company is still in the process of finalizing the estimate of the net assets acquired and as such, it is possible that the measurement of the net assets and related shares issued may change. Management does not expect a material adjustment to this measurement.

The following represents the net assets acquired.

	Total
Cash and cash equivalents	1,936
Deposits and other assets	50,000
Property and equipment	156,119
Intangible assets	6,925,712
Accounts payable and accrued liabilities	(117,020)
Note payable	(455,030)
	6,561,717
Fair value of consideration paid:	
Common shares	6,561,717
	6,561,717

OVERALL FINANCIAL PERFORMANCE

(Expressed in United States dollars)

	Three months ended March 31,		Nine months ended March 31,	
	2019	2018	2019	2018
Revenue	\$ 5,554,684	\$ -	\$ 8,555,129	\$ -
Gross profit	108,477	-	252,108	-
Adjusted gross margin	79,483	-	59,220	-
Net loss before income taxes	(15,136,267)	(593,339)	(32,146,311)	(593,339)
Net loss per share	(0.07)	n/a	(0.22)	n/a
Adjusted EBITDA ¹	(11,365,489)	(593,339)	(22,081,138)	(593,339)
Cash and cash equivalents	5,466,451	-	5,466,451	-
Short term investments	28,108,916	-	28,108,916	-
Working capital	\$ 23,556,995	\$ (593,339)	\$ 23,556,995	\$ (593,339)

¹ - Non-IFRS measure

- For the three and nine months ended March 31, 2019, revenues were \$5,554,684 and \$8,555,129, respectively.
- The Company's overall gross profit, after fair value adjustments for the sale of inventory and fair value adjustments on biological assets, for the three and nine months ended March 31, 2019, was \$108,477 and \$252,108, respectively.
- The Company's adjusted gross margin, before fair value adjustments for the sale of inventory and fair value adjustments on biological assets, for its Cannabis Segment, as reconciled below, for the three and nine months ended March 31, 2019, was \$79,483 and \$59,220, respectively.
- The Company's net loss before income taxes for the three and nine months ended March 31, 2019, was \$15,136,267 and \$32,146,311, respectively, compared to a net loss of \$593,339 in the same period of the prior year and reflects the Company's start-up phase.
- The Company's adjusted EBITDA, as reconciled below, for the three and nine months ended March 31, 2019, was a loss of \$11,365,489 and \$22,081,138, respectively, compared to a loss of \$593,339 in the same period of the prior year.
- The Company had cash and cash equivalents of \$5,466,451 and short-term investments of \$28,108,916 at March 31, 2019.
- The Company had positive working capital of \$23,556,995 at March 31, 2019 compared with negative working capital of \$593,339 at March 31, 2018.

Review of Operations for the three and nine months ended March 31, 2019 compared to the period ended March 31, 2018

Results from operations for the three and nine months ended March 31, 2019, includes activity of GGB Ltd. from July 1, 2018 to March 31, 2019, and of Xanthic, including NOR, from the Business Combination date of November 9, 2018 to March 31, 2019.

During the three months ended March 31, 2019, the Company incurred a net loss after income taxes attributable to owners of the parent of \$15,410,051, or \$0.07 per share, which included non-operating income of \$1,851,262. During the nine months ended March 31, 2019, the Company incurred a net loss after income taxes attributable to owners of the parent of \$32,783,271, or \$0.22 per share, which included non-operating expenses of \$1,949,252.

During the three and nine months ended March 31, 2019, the Company recorded fair value adjustments on the sale of inventory of \$932,191 and \$1,525,861, respectively, and an unrealized fair value gain on biological assets of \$961,185 and \$1,718,749, respectively (see “Cannabis Segment”).

Included in non-operating expenses for the three and nine months ended March 31, 2019, was \$8,651,483 and \$9,651,438, respectively, of transaction costs in connection with possible acquisitions, including the Aphria takeover bid. Included in transaction costs was the \$5,617,110 fair value cost assigned to the commitment fee paid to All Js Greenspace LLC in proportionate voting shares (see Note 18) in connection with a possible financing. In addition, included in transaction costs was \$1,000,000 breakup fee on the cancellation of a potential acquisition. The balance represents legal costs, regulatory filing costs and mailing costs associated with the Aphria takeover bid. This was offset by unrealized gains on a short-term investment for the three and nine months ended March 31, 2019, of \$10,464,853 and \$10,964,926, respectively.

Included in the results of operations for the nine months ended March 31, 2019, was a non-operating loss of \$671,578 related to the disposition of the Company’s equity investment in Xanthic Beverages USA, LLC (“Xanthic Beverages”), which was completed December 21, 2018. The Company previously had a 45% interest in Xanthic Beverages, which it sold back to the other controlling member of Xanthic Beverages for gross proceeds of \$300,000. Gross proceeds included cash of \$50,000 and a note receivable of \$250,000, which bears interest at 3%. Xanthic Beverages investment no longer fit in the Company’s corporate strategy. The Company still retains the intellectual property related to its water solubility and fast onset.

The Company held a significant amount of its cash and short-term investments in Canadian dollars. As result, and with the variability in the foreign exchange rate between Canadian and United States dollars, during the three and nine months ended March 31, 2019, the Company incurred non-operating foreign exchange gains of \$393,077 and losses of \$348,337, respectively. The Company does not currently hedge against these foreign exchange fluctuations.

Included in non-operating expenses for the three and nine months ended March 31, 2019, is interest expenses of \$355,230 and \$2,242,825, respectively, which included \$292,059 and \$479,940, respectively, of interest expense related to the NOR Purchase Note Loan. In addition, interest expense for the nine months ended March 31, 2019, included \$1,544,742 related to convertible debentures that were converted into common shares of the Company on the close of the Business Combination.

Adjusted EBITDA

One of the measures the Company uses to evaluate its objectives is adjusted EBITDA. Adjusted EBITDA is a non-IFRS financial measure that does not have a standard meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. The Company calculates Adjusted EBITDA as net income (loss) before interest, taxes and depreciation and amortization, plus fair value adjustments on sale of inventory and on growth of biological assets, share-based compensation, interest and bank charges, loss (gain) on equity investments, loss (gain) on foreign exchange, loss (gain) on short-term investments, , transaction costs, , listing fees and certain one-time non-operating expenses, as determined by management. Management believes this measure provides useful information as it is a commonly used measure in the capital markets and as it is a close proxy for repeatable cash generated by (used for) operations.

(Expressed in United States dollars)

	Three months ended March 31,		Nine months ended March 31,	
	2019	2018	2019	2018
Net loss after listing fees before income taxes	\$ (15,136,267)	\$ (593,339)	\$ (32,146,311)	\$ (593,339)
Fair value adjustment on sale of inventory	932,191	-	1,525,861	-
Fair value adjustment on biological assets	(961,185)	-	(1,718,749)	-
Stock based compensation	1,515,343	-	1,702,983	-
Depreciation and amortization	378,856	-	581,917	-
Shares issued for services	3,064,293	-	4,632,177	-
Lease termination charges	692,542	-	692,542	-
Non-operating expenses	(1,851,262)	-	1,949,252	-
Listing fees	-	-	699,190	-
	3,770,778	-	10,065,173	-
Adjusted EBITDA	\$ (11,365,489)	\$ (593,339)	\$ (22,081,138)	\$ (593,339)

For the three and nine months ended March 31, 2019, the Company had negative adjusted EBITDA of \$11,365,489 and \$22,081,138, respectively compared to \$593,339 in the same period of the prior year. The Company continued to build out its infrastructure and team during the three and nine months ended March 31, 2019.

CANNABIS SEGMENT

At March 31, 2019, the Cannabis Segment primarily represents its operations in Nevada.

The Company produces medical and retail marijuana products that are sold through its retail location and sold wholesale to various other dispensaries. The Company operates its dispensary in Las Vegas, Nevada, under the brand “The +Source” and offers a comprehensive line of medicinal and retail marijuana, edibles, concentrates, CBD, and topicals.

The Company also operates a 12,000 square foot cultivation and production facility in Las Vegas, Nevada. The Company’s cultivation capabilities include the use of energy-efficient LED lights during cultivation, integrated pest management practices that reduce the need for pesticides and use of CO2 as a more environmentally conscious extraction method. The facility also utilizes rockwool as a growing medium, providing a more efficient use of space and reducing the waste of thousands of pounds of soil and soil amendments in the cultivation process.

The following reflects operating results of the Cannabis Segment from the Business Combination date on November 9, 2018 to March 31, 2019.

Revenue

Below is breakdown of revenue between the Cannabis Segment’s direct to consumer retail business and its wholesale business.

	Three months ended March 31,		Nine months ended March 31,	
	2019	2018	2019	2018
Direct to Consumer	\$ 4,403,977	\$ -	\$ 6,998,560	\$ -
Wholesale	688,590	-	1,029,689	-
	5,092,567	-	8,028,249	-

One of the key metrics the Company follows and manages is annualized revenue per square foot. The Cannabis Segment achieved an annualized revenue per square foot of \$14,884 and \$14,991 for the three and nine months ended March 31, 2019, respectively.

Gross profit

The Cannabis Segment had gross profit after fair value adjustments for the sale of inventory and fair value adjustments on biological assets of \$2,099,472 and \$3,352,869 for the three and nine months ended March 31, 2019, respectively.

In accordance with IFRS, the Company is required to record its biological assets at fair value. As biological assets move through the production process, capitalized production costs and the fair value on the eventual sale of the cannabis from the plants are both recognized under IFRS based on the stage of completion of the biological assets. The fair value portion of the biological assets is recognized as unrealized gains from the change in fair value of biological assets in the statement of comprehensive income for the reporting period. At the time of harvest, the biological assets are transferred to inventory and include capitalized production costs to date and the related fair value portion, which is adjusted to the lower of cost or inventory net realizable value. On the eventual sale of inventory, the fair value portion is relieved through unrealized loss on change in fair value on sale of inventory reported in the results of operations.

As illustrated in the table below, the Cannabis Segment had gross profit before fair value adjustments of \$2,070,478 and \$3,159,981 for the three and nine months ended March 31, 2019, respectively.

	Three months ended March 31,		Nine months ended March 31,	
	2019	2018	2019	2018
Revenue	\$ 5,092,567	\$ -	\$ 8,028,249	\$ -
Cost of Sales				
Production costs	(2,391,894)	-	(3,536,615)	-
Other cost of sales	(630,195)	-	(1,331,653)	-
Gross profit before fair value adjustments	2,070,478	-	3,159,981	-
Gross margin	41%		39%	

The Cannabis Segment had a 41% and 39% gross margin, respectively, before fair value adjustments for each of the three and nine months ended March 31, 2019.

Operating costs

	Three months ended March 31,		Nine months ended March 31,	
	2019	2018	2019	2018
Sales and marketing	\$ 887,848	\$ -	\$ 1,710,009	\$ -
Depreciation and amortization	68,500	-	68,500	-
Other income	(14,892)	-	(23,128)	-
Total	\$ 941,456	\$ -	\$ 1,755,381	\$ -

The Cannabis Segment had operating expenses of \$941,456 and \$1,755,381, respectively, for the three and nine months ended March 31, 2019. Sales and marketing expenses include all costs to run the Company's dispensary operations which includes personnel, occupancy, marketing and other direct costs.

Cannabis Segment liquidity and capital resources

Cash flow generated from the Cannabis Segment operations for the nine months ended March 31, 2019, was \$911,396. The Cannabis Segment maintains and operates its own cash flow and capital resources to fund its operations. As at March 31, 2019, the Cannabis Segment had \$1,063,000 in cash and cash equivalents and net working capital of \$1,834,277.

The Company was awarded seven additional retail dispensary licenses in the state of Nevada by the Nevada Department of Taxation, as well the Company has capital requirements in Massachusetts in connection with its Just Healthy acquisition and the subsequent closing of the Pahrump, Nevada acquisition on May 16, 2019.

In order for the Company to execute on its business strategy, the Company is dependent on the Company's ability to raise additional finances to fund its expansion plans.

At March 31, 2019, the Company's inventory and biological assets consists of the following:

Inventory

	March 31, 2019
Raw materials	\$ 1,137,999
Retail inventory	724,268
Total	\$ 1,862,267

Biological assets

Balance at June 30, 2018	\$ -
Production costs capitalized	987,608
Changes in fair value less costs to sell due to biological transformation	(192,888)
Transferred to inventory	(294,199)
Balance at March 31, 2019	\$ 500,521

CBD SEGMENT

The CBD Segment sells CBD-infused personal care and beauty products, along with other categories, to consumers through mall-based kiosk shops, eCommerce and wholesale agreements under the Seventh Sense brand and white label brands. The products include body lotion, muscle balm, body wash, bath salt, sugar scrub, bath bomb, lip balm, foot cream, and face oil.

The following reflects operating results of the CBD Segment for the three and nine months ended March 31, 2019, with the first store and eCommerce site launched in February 2019.

	Three months ended March 31,		Nine months ended March 31,	
	2019	2018	2019	2018
Revenue	\$ 462,117	\$ -	\$ 526,880	\$ -
Cost of Sales	(969,922)	-	(1,086,506)	-
Gross profit	(507,805)	-	(559,626)	-
Gross margin	-110%		-106%	

Prior to the launch of its first store in February 2019, the CBD Segment conducted a test with DSW for which the main objective was to determine customer response. As of March 31, 2019, the CBD Segment had 6 mall-based kiosk shops opened. For the three and nine months ended March 31, 2019, revenue was driven mainly by the wholesale and cost of sales reflected the impact of start-up development costs, low production runs and royalty fees of \$347,826 associated with the Greg Norman royalty agreement.

Operating Costs

	Three months ended March 31,		Nine months ended March 31,	
	2019	2018	2019	2018
Sales and marketing	\$ 628,138	\$ -	\$ 637,615	\$ -
Depreciation and amortization	22,983	-	22,983	-
Total	\$ 651,121	\$ -	\$ 660,598	\$ -

During the three and nine months ended March 31, 2019, the CBD Segment incurred operating expenses of \$651,121 and \$660,598, respectively. Sales and marketing include personnel, rent, supplies, visual marketing materials for the kiosk shops, eCommerce website development, digital marketing and customer support.

CBD Segment liquidity and capital resources

The CBD Segment had net working capital of \$8,386,533 as of March 31, 2019. The CBD Segment is currently in a startup phase, launching its product midway through the last quarter through its wholly owned retail kiosk shops in mall locations and eCommerce sites and through wholesale arrangements.

The CBD Segment will continue require capital resources from head office in order to fully execute on its business strategy of opening approximately 100 mall-based kiosk shop locations open by June 30, 2019 and up to 300 kiosks shops over the next 12 months.

At March 31, 2019, the Company's inventory consists of the following:

Inventory

	March 31, 2019
Raw materials	\$ 2,036,361
Work in process	390,141
Finished goods	1,918,259
Total	\$ 4,344,761

HEAD OFFICE

Operating Costs

	Three months ended March 31,		Nine months ended March 31,	
	2019	2018	2019	2018
General and administration	\$ 9,184,512	\$ 218,245	\$ 16,270,154	\$ 218,245
Legal and professional fees	6,645,499	375,094	11,696,777	375,094
Advertising and promotion	394,693	-	755,586	-
Stock based compensaton	1,515,343	-	1,702,983	-
Depreciation and amortization	290,465	-	493,526	-
Other income	(1,043,893)	-	(1,043,893)	-
	\$ 16,986,619	\$ 593,339	\$ 29,875,133	\$ 593,339

During the three and nine months ended March 31, 2019, the Company incurred operating expenses of \$16,986,619 and \$29,875,133, respectively, compared to \$593,339 in the same period of the prior year.

General and administrative costs

	Three months ended March 31,		Nine months ended March 31,	
	2019	2018	2019	2018
Salaries	\$ 5,409,245	\$ 120,000	\$ 10,463,394	\$ 120,000
Rent and Utilities	412,114	-	804,923	-
Travel	1,506,930	87,385	3,007,264	87,385
Other	1,856,223	10,860	1,994,573	10,860
Total	\$ 9,184,512	\$ 218,245	\$ 16,270,154	\$ 218,245

General and administrative costs were \$9,184,512 and \$16,270,154 for the three and nine months ended March 31, 2019, respectively, compared to \$218,245 in the same periods of the prior year. This included head office salaries of \$5,409,245 and \$10,463,394, rent and utilities of \$412,114 and \$804,923, travel related costs of \$1,506,930 and \$3,007,264, for the three and nine months ended March 31, 2019, respectively. Other general and administrative costs include \$692,542 lease termination charge in connection with its abandoning of Ontario, Canada Cannabis marketplace after failing to win a dispensary license in the Ontario lottery. This compares to salaries of \$120,000 and travel of \$87,385 in the same periods of the prior year. As previously disclosed, the Company continues to build out its infrastructure in order to execute on its business plan.

During the three and nine months ended March 31, 2019, the Company incurred \$6,645,499 and \$11,696,777, respectively, on legal and professional fees. This includes \$3,064,293 in tax and advisory services settled with

common shares. Other legal and professional fees include investor relations activities, legal fees in connection with potential acquisitions, accounting support, corporate finance work and strategic advisory services. This compares to \$375,094 for the same period of the prior year.

Advertising and promotion costs were \$394,694 and \$755,586 for the three and nine months ended March 31, 2019, respectively. These costs represent website development of the Company's corporate website, branding and photography and other corporate print and marketing materials.

The Company incurred, during the three and nine months ended March 31, 2019, stock-based compensation expense of \$1,515,343 and \$1,702,983, respectively, in connection with stock options and restricted stock units granted.

Other income represents licensing fees earned in connection with the pending Henderson Organic Remedies LLC ("HOR") acquisition. As previously mentioned, on May 8, 2019, as a condition of the extension on the Purchase Note, the Company agreed to return the licensing fees earned up to May 8, 2019, and as a result, the Company expects to incur a net charge of \$1,043,893 during the fourth quarter of fiscal 2019.

SELECTED QUARTERLY FINANCIAL INFORMATION

For the three months ended,	March 31 2019	December 31 2018	September 30 2018	June 30 2018
Current Assets	\$ 46,637,404	\$ 54,468,123	\$ 67,702,121	\$ 4,706,580
Current Liabilities	23,080,409	27,594,819	73,380,719	316,768
Revenue	5,554,684	3,000,445	-	-
Net loss from Operations	(16,987,529)	(8,724,688)	(3,785,652)	(2,626,609)
Net Loss per share	\$ (0.07)	\$ (0.08)	\$ (0.04)	\$ (0.03)

As previously indicated, in accordance with IFRS 3, GGB Ltd. was identified as the accounting acquirer and, as such, the Company operations reflect GGB Ltd. operations since July 1, 2018 to March 31, 2019, and the operations of Xanthic, including NOR, from the Business Combination on November 9, 2018 to March 31, 2019.

- At March 31, 2019, the Company's current assets represent cash and cash equivalents, short term investment, receivables, note receivable, prepaids, inventories, biological assets and deferred lease charges.
- At September 30, 2018, the Company had convertible debentures included in current liabilities. The convertible debentures converted to common shares of the Company on of the Business Combination

Other than \$1,300,310 in cash and \$28,108,916 in short term investments substantially all of the Company's assets and liabilities are in the United States and all of the Company's operations are located in the United States.

LIQUIDITY AND CAPITAL RESOURCES

The Company had cash of \$5,466,451, short term investment of \$28,108,916, total current assets of \$46,637,404 and current liabilities of \$23,080,409 as at March 31, 2019. The Company, therefore, had net working capital of \$23,556,995.

Despite positive net working capital, the Company does not have sufficient liquidity and capital resources at March 31, 2019, to fully execute on its business plan and satisfy its commitments as outlined below over the next twelve months. The Company expects it will have negative operating cashflow while it executes on its business plan through the start-up phase.

The Company plans to complete further financings over the next twelve months in order to fund its ongoing expenditures and execute on its business plan. However, there is no assurance that the Company will be successful in these endeavors.

Outstanding Share Data

At March 31, 2019, the Company had 188,212,278 common shares outstanding, 40,698 proportionate voting shares that have super voting rights of 500 votes per share, 25,663,581 warrants outstanding and 350,000 stock options outstanding. On May 28, 2018, the Company had 163,805,315 common shares, 59,795 proportionate voting shares, 23,42,655 warrants, 2,927,636 restricted stock units, and 350,000 stock options outstanding.

OFF BALANCE SHEET ARRANGEMENTS

In the normal course of business, the Company has entered into arrangements with several third-party goods and services providers. In certain instances, the Company, directly and through its subsidiaries, has provided indemnities and/or guarantees to these third parties for the payment of goods or services provided, or otherwise. Generally, there are no pre-determined amounts or limits included in these arrangements, and the occurrence of an event that would trigger the Company's obligations pursuant to these arrangements is difficult to predict. Therefore, the Company's potential future liability cannot be reasonably estimated.

COMMITMENT AND CONTINGENCIES

In addition to the commitments disclosed in Note 26 and Note 27 to the March 2019 Financial Statements, the Company has the following additional commitment disclosure noted below.

Finally, as previously disclosed, the Company's Cannabis Segment was awarded seven additional retail dispensary licenses in the state of Nevada by the Nevada Department of Taxation. The capital required to develop, secure the locations, and build the production capacity to service the increased number of dispensaries in the state of Nevada will require capital resources.

Contingencies

The Company is subject to a variety of local and state regulation. Failure to comply with one or more of those regulations could result in fines, restrictions on its consolidated operations, or losses of permits that could result in ceasing operations. While management of the Company believes that the Company is in compliance with applicable local and state regulation as of March 31, 2019, cannabis regulations continue to evolve and area subject to differing interpretations. As a result, the Company may be subject to regulatory fines, penalties or restrictions in the future.

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. As at March 31, 2019, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's consolidated operations. There are no proceedings in which any of the Company's directors, officers, or affiliates is an adverse party or has a material interest adverse to the Company's interest.

RELATED PARTY TRANSACTIONS

Other than as described in Note 21 to the March 2019 Financial Statements, there are no additional related party transactions.

ACCOUNTING POLICIES, CRITICAL JUDGMENTS AND ESTIMATES

The preparation of the Company's March 2019 Financial Statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and other items in net earnings or loss, and the related disclosure of contingent assets and liabilities, if any. Critical judgments and estimates represent estimates made by management that are, by their very nature, uncertain. The Company evaluates its estimates on an ongoing basis. Such estimates are based on historical experience and on various other assumptions that the Company believes are reasonable under the circumstances, and these estimates form the basis for making judgments about the carrying values of assets and liabilities and the reported amounts of revenues and other items in net earnings or loss that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. Summaries of the significant accounting policies applied,

and significant judgments, estimates and assumptions made by management in the preparation of its financial statements are provided in Notes 2 and 3 to the March 2019 Financial Statements.

CONTROLS AND PROCEDURES

Internal Control over financial reporting (“ICFR”) is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with applicable IFRS. Disclosure controls and procedures are designed to ensure that information required to be disclosed by the Company in the reports it files or submits under securities legislation is recorded, processed, summarized and reported on a timely basis and that such information is accumulated and reported to management, including the Company’s Chief Executive Officer and the Chief Financial Officer, as appropriate, to allow required disclosures to be made in a timely fashion. Based on their evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that, as at March 31, 2019, the Company’s disclosure controls and procedures were effective.

The Chief Executive Officer and the Chief Financial Officer of the Company have also evaluated whether there were changes to the Company’s internal control over financial reporting during the three and nine months ended March 31, 2019, that have materially affected or are reasonably likely to materially affect the Company’s internal control over financial reporting. There were no changes identified during their evaluation.

ISSUERS WITH U.S. CANNABIS-RELATED ASSETS

On February 8, 2018, the Canadian Securities Administrators revised their previously released Staff Notice 51-352 Issuers with U.S. Marijuana-Related Activities (the “**Staff Notice**”) which provides specific disclosure expectations for issuers that currently have, or are in the process of developing, cannabis-related activities in the United States as permitted within a particular state’s regulatory framework. All issuers with United States cannabis-related activities are expected to clearly and prominently disclose certain prescribed information in prospectus filings and other required disclosure documents in order to fairly present all material facts, risks and uncertainties about issuers with U.S. cannabis-related activities.

Such disclosure includes, but is not limited to, (i) a description of the nature of a reporting issuer's involvement in the U.S. cannabis industry; (ii) an explanation that cannabis is illegal under U.S. federal law and that the U.S. enforcement approach is subject to change; (iii) a statement about whether and how the reporting issuer's U.S. cannabis-related activities are conducted in a manner consistent with U.S. federal enforcement priorities; and (iv) a discussion of the reporting issuer's ability to access public and private capital, including which financing options are and are not available to support continuing operations. Additional disclosures are required to the extent a reporting issuer is deemed to be directly or indirectly engaged in the U.S. cannabis industry, or deemed to have “ancillary industry involvement”, all as further described in the Staff Notice.

As a result of the Company’s existing operations and recent acquisitions in the United States, GGB is properly subject to the Staff Notice and accordingly provides the following disclosure:

Nature of Involvement in the U.S. Marijuana Industry

Nevada

The Company, through its wholly-owned subsidiary, NOR, is licensed to possess, cultivate, process, dispense and sell medical and recreational cannabis in the State of Nevada. NOR operates a dispensary as well as a separate facility of approximately 12,000 square feet for cultivation, production, and distribution.

Massachusetts

The Company, through its wholly owned subsidiary Just Healthy, holds provisional certificates of registration for a registered medical marijuana dispensary to be located in Northampton, Massachusetts, as well as a cultivation and processing site, also to be located in Northampton. The license allows for a total of up to three medical dispensaries with preferred treatment for adult use cannabis. The Company anticipates completing the adult-use cannabis licensing process at some point in 2019.

Status of Medical and Recreational Cannabis under United States Federal Law

Ownership, investment, or control of, or engaging in transactions with entities which manufacture, distribute, dispense, or possess cannabis may create a risk of criminal or civil liability. Cannabis is illegal under U.S. federal law and the laws of some states and territories in the United States. Thirty-one states and territories in the United States have legalized medical or recreational cannabis in some manner, but the legal and regulatory frameworks in each of these jurisdictions vary widely. The further impose substantial restrictions on the manufacture, distribution, dispensation, or possession of cannabis, and on related business activities, including employment, advertising, and finance within the state and territory. Federal criminal laws continue to apply in those states and territories which have legalized cannabis.

Although the Company's activities are compliant with applicable state and local law in the United States, strict compliance with state and local laws may not act as a shield to federal criminal liability.

The risk of federal enforcement and other risks associated with the Company's business are described under the heading "Risk Factors" below.

Ability to Access Public and Private Capital

While the Company is not able to obtain bank financing in the United States or financing from other federally regulated entities, the Company's executive team and board of directors have relationships with potential sources of private capital (such as funds and high net worth individuals).

While there has been an increase in the amount of private financing available over the last several years, there is neither a broad nor deep pool of institutional capital that is available to participants in the United States cannabis industry. There can be no assurance that additional financing will be available to the Company when needed or on acceptable terms. The Company's inability to raise financing to fund its ongoing operations, capital expenditures or acquisitions could limit its growth and may have a material adverse effect upon future profitability and operations.

Massachusetts History and Regulatory Framework

Massachusetts' medical cannabis market was established by "An Act for the Humanitarian Medical Use of Marijuana" in November 2012 when voters passed Ballot Question 3 "Massachusetts Medical Marijuana Initiative."

In November 2016, Massachusetts voters legalized adult-use cannabis by passing ballot Question 4 – "The Regulation and Taxation of Marijuana Act." In July 2017, the state enacted legislation setting forth the adult-use cannabis framework. In March 2018, the Cannabis Control Commission (the "Commission"), the regulatory body set up to regulate the adult-use market, approved the rules that will govern the industry. While the Commission originally aimed to launch adult-use sales on July 1, 2018, administrative delays resulted in the first adult-use cannabis retail store opening in November 2018.

Licensing Requirements

935 CMR 502.000, promulgated pursuant to the Regulation and Taxation of Marijuana Act, provides the framework for co-located medical and adult use cannabis in Massachusetts. An applicant, among other things, must (i) be registered to do business in Massachusetts, (ii) disclose interests in other marijuana businesses in other states, (iii) execute a host community agreement with the municipality hosting the marijuana facility, (iv) provide documentation that it has conducted a community outreach meeting within nine months of the application, (v) provide a description

of its plans to ensure that such plans are compliant with local codes, ordinances, and bylaws, and (vi) provide a plan to positively impact areas subject to disproportionate impact. All applicants are subject to mandatory background checks.

Security Requirements

Marijuana establishments must implement safety measures to deter and prevent unauthorized entrance into areas containing marijuana and theft of product. Establishments must undertake at least the following measures, which are not exhaustive of security requirements: (i) positive identification of individuals entering the establishment, (ii) securing all entrances and exits and adopting policies to prevent loitering, (iii) ensuring that the outside perimeter of the establishment is sufficiently lit to facilitate surveillance, and (iv) implementing certain security and alarm requirements related to the facility, to including perimeter fencing, video at all entrances/exits, the ability to operate electronic monitoring devices during power outages, and designs that limit access to security employees and those essential to such operations.

Transportation and Storage Requirements

Massachusetts provides a separate license option for marijuana transportation. Marijuana products may be transported only by registered marijuana establishment agents. All marijuana moving in transport must be linked to the seed-to-sale tracking program. Vehicles transporting marijuana must be staffed with no less than two agents, and one must be in the vehicle at all times. All products must be packaged and sealed in tamper/child-resistant packaging prior to and during any transportation.

Department Inspections

The Commission may inspect an establishment and any affiliated vehicles at any time without notice to ensure compliance with the relevant regulations. This includes a “Secret Shopper” program aimed at compliance with laboratory standards and identification requirements. Establishments are required to make reasonable efforts to facilitate the Commission’s inspection, including providing samples, photographs, and video.

Nevada Regulatory Framework

Nevada Revised Statutes Chapter 453D (“**Chapter 453D**”) provides a regulatory framework that outlines the function of the Department of Taxation’s (“DOT’s”) marijuana program. Chapter 453D also outlines licensing and enforcement guidelines which guide the DOT.

Licensing Requirements

Licenses issued by the DOT can be renewed annually so long as the licensee continues to demonstrate compliance with local and state law and pays the renewal fee. The DOT places license caps on all license classifications, which are reassessed annually.

Applicants must demonstrate (and license holders must maintain) that: (i) they are registered with the Nevada Secretary of State to do business in Nevada, (ii) that they have contributed to the advancement of the State of Nevada through regular tax payments, (iii) that they do not have interests in the casino or alcohol industries, (iv) they have the operational expertise required by the individual license type, demonstrated by submission of an operation plan, (v) they have the ability to secure the premises, resources, and personnel necessary to operate the license, (vi) they have the ability to maintain accountability of all cannabis and cannabinoid products and by-products through the state mandated seed-to-sale software to prevent diversion or unlawful access to these materials, (vii) they have the financial ability to maintain operations for the duration of the license, (viii) all owners have passed background screening, inclusive of fingerprinting, and (ix) that all local land use, zoning, and planning notices have been followed in the development of the licensed site.

Security Requirements

In terms of security requirements, a licensee must maintain a fully operational alarm and video monitoring system at all times. The alarm system must secure all points of ingress and egress and be equipped with motion detectors. The 24-hour video surveillance system must record at a high-resolution format approved by the DOT and have camera coverage which covers all areas of the facility without any blind spots. Video footage must be backed-up for a minimum of 30 days in hard form.

Cultivation and product manufacturing sites are not open to the public. Any vendor or contractor that needs access to the premises must be fully identified and sign into a vendor log. There is no access to non-employees unless there is an employee present.

Transportation and Storage Requirements

Cannabis and cannabis goods must be stored in a lockable safe or vault at any time that employees are not on location. Any storage container that is large enough to allow an employee to walk into it must have cameras placed inside. Goods to be transported to another licensee must be fully manifested through the state mandated seed-to-sale tracking system prior to being transported.

Department Inspections

The DOT conducts announced and unannounced inspections of all licensed facilities to determine compliance with laws and rules. The DOT will inspect a licensee in the event of a complaint indicating that the licensee has or is actively violating existing statute. The DOT will also inspect at the time of any premises modification, as well as at the time of annual renewal.

Compliance of Nevada Operations

NOR, a wholly-owned subsidiary of GGB, is in compliance with Nevada state law and the related licensing framework. NOR uses reasonable commercial efforts to confirm, through the advice of its legal counsel, through the monitoring and review of its business practices, and through regular monitoring of changes to U.S. Federal enforcement priorities, that its business is in compliance with applicable licensing requirements and the regulatory frameworks enacted by Nevada. NOR has not received any noncompliance orders, citations or notices of violation that may have an impact on its licenses, business activities or operations.

On-Going Compliance Procedures

NOR has a full time Compliance Officer on staff in Nevada whose responsibilities are to monitor the day-to-day activities of staff, including ensuring that the established standard operating procedures are being adhered to at each stage of the cultivation, processing and distribution cycle, to identify any non-compliance matters and to put in place the necessary modifications to ensure compliance. The Compliance Officer performs monthly, unannounced audits against NOR's established standard operating procedures and state regulations. Each employee is provided with an employee handbook outlining the standard operating procedures and state regulations upon hiring, and is then provided with quality and regulatory training by the Compliance Officer. The Company has 24 hour surveillance of every room in which marijuana is cultivated, processed, and stored. This footage is kept for at least 45 days as per the requirements of the Department. Security officers also perform a walk through every four hours to check each room and look for unusual activity. The Company also utilizes state approved software for tracking marijuana inventory from seed to sale. The Compliance Officer's duties also include ongoing education of staff on the state regulations. State inspections to date have not resulted in any non-compliance issues.

NOR has worked with its legal advisors to implement measures designed to ensure compliance with applicable state laws in the United States on an ongoing basis, including:

- weekly correspondence and updates with advisors;
- development of standard operating procedures with respect to cultivation, processing and
- distribution;

- ongoing monitoring of compliance with operating procedures and regulations by on-site management;
- appropriate employee training for all standard operating procedures; and
- subscription to monitoring programs to ensure compliance with the FCEN Memo.

Foreign Operations

See below under the heading “*Risk Factors*”.

Bankruptcy and Similar Procedures

There have been no bankruptcy, receivership or similar proceedings against the Company or any of its subsidiaries, or any voluntary bankruptcy, receivership or similar proceedings by the Company or any of its subsidiaries, within the three most recently completed financial years or during or proposed for the current financial year.

Reorganizations

On December 15, 2017, Xanthic was formed pursuant to a reverse takeover involving Aurquest and a privately held Ontario corporation, Xanthic Biopharma Limited, with the objective of becoming a leader in developing innovative, non-combustible alternative delivery methods for cannabis-infused products.

On November 9, 2018, Xanthic and GGB completed the Business Combination.

RISK FACTORS

Risks Specifically Related to Operating under the United States Regulatory System

The cannabis business in the United States is subject to additional risk the Company will be engaged in the medical and adult-use marijuana industry in the United States in compliance with local and state law. While the cannabis industry in all markets is highly regulated and rapidly evolving, which present challenges to management to operate effectively and accurately predict financial results contained in any forward-looking statements, GGB is subject to additional risks attendant to its United States operations. Investors are cautioned that in the United States, cannabis is illegal under United States federal law. Notwithstanding the more permissive regulatory environment of cannabis at the state level, cannabis continues to be categorized as a controlled substance under the Controlled Substance Act and as such, cultivation, distribution, sale and possession of cannabis violates federal law in the United States. To management's knowledge, there are to date a total of 31 states, and the District of Columbia, Puerto Rico, the U.S. Virgin Islands and Guam that have legalized cannabis in some form, including Nevada where GGB operates.

The United States Congress has passed appropriations bills each of the last four years that have expressly not appropriated funds for prosecution of cannabis offenses of persons who are in compliance with state medical cannabis laws. Courts in the United States have construed these appropriations bills to prevent the federal government from prosecuting persons when those persons comply with applicable state medical cannabis law. However, because this conduct continues to violate federal law, U.S. courts have observed that should the United States Congress at any time choose to appropriate funds to fully prosecute offences under the Controlled Substances Act of 1970 (the "CSA"), any individual or business - even those that have fully complied with state law - could be prosecuted for violations of federal law. If the United States Congress restores funding, the government will have the authority to prosecute individuals for violations of the law during the time it lacked funding, subject to the CSA's five-year statute of limitations.

Violations of any federal laws and regulations could result in significant fines, penalties, administrative sanctions, judgments or settlements arising from civil proceedings conducted by either the federal government or private citizens, or criminal charges, including, but not limited to, criminal convictions, imprisonment, disgorgement of profits, cessation of business activities, divestiture or civil asset forfeiture. This could have a material adverse effect on GGB, including its reputation and ability to conduct business, its holding (directly or indirectly) of medical and adult-use cannabis licenses in the United States, the listing of its securities on the CSE, its financial position, operating results, profitability or liquidity or the market price of its publicly traded shares. In addition, it is difficult for management to

estimate the time or resources that would be needed for the investigation of any such matters or its final resolution because, in part, the time and resources that may be needed are dependent on the nature and extent of any information requested by the applicable authorities involved, and such time or resources could be substantial.

The Company will derive a significant portion of its revenue from the cannabis industry in certain states of the United States, which industry is illegal under United States federal law. While the Company's business activities are compliant with applicable state and local law, such activities remain illegal under United States federal law. The enforcement of relevant laws is a significant risk.

Approach to the enforcement of cannabis laws is subject to change

As a result of the conflicting views between state legislatures and the federal government regarding cannabis, investments in cannabis businesses in the United States are subject to inconsistent legislation and regulation. The response to this inconsistency was addressed in the United States Department of Justice memorandum drafted by former Deputy Attorney General James Michael Cole in 2013 (the "Cole Memorandum"), acknowledging that notwithstanding the designation of cannabis as a controlled substance at the federal level in the United States, several states have enacted laws relating to cannabis for medical purposes.

The Cole Memorandum outlined certain priorities for the Department of Justice relating to the prosecution of cannabis offenses. In particular, the Cole Memorandum noted that in jurisdictions that have enacted laws legalizing cannabis in some form and that have also implemented strong and effective regulatory and enforcement systems to control the cultivation, distribution, sale and possession of cannabis, conduct in compliance with those laws and regulations is less likely to be a priority at the federal level. Notably, however, the Department of Justice did not provide specific guidelines for what regulatory and enforcement systems it deemed sufficient under the Cole Memorandum standard.

In light of limited investigative and prosecutorial resources, the Cole Memorandum concluded that the Department of Justice should be focused on addressing only the most significant threats related to cannabis. States where cannabis had been legalized were not characterized as a high priority. In March 2017, newly appointed Attorney General Jeff Sessions again noted limited federal resources and acknowledged that much of the Cole Memorandum had merit; however, he disagreed that it had been implemented effectively and, on January 4, 2018, Mr. Sessions issued the Sessions Memorandum, which rescinded the Cole Memorandum. The Sessions Memorandum rescinded previous nationwide guidance specific to the prosecutorial authority of United States Attorneys relative to cannabis enforcement on the basis that they are unnecessary, given the well-established principles governing federal prosecution that are already in place. Those principals are included in chapter 9.27.000 of the United States Attorneys' Manual and require federal prosecutors deciding which cases to prosecute to weigh all relevant considerations, including federal law enforcement priorities set by the Attorney General, the seriousness of the crime, the deterrent effect of criminal prosecution, and the cumulative impact of particular crimes on the community.

Following the issuance of the Sessions Memorandum, Annette Hayes, U.S. Attorney for the Western District of Washington, released a statement on January 4, 2018, affirming that her office will continue to investigate and prosecute "cases involving organized crime, violent and gun threats, and financial crimes related to marijuana" and that "enforcement efforts with our federal, State, local and tribal partners focus on those who pose the greatest safety risk to the people and communities we serve".

In Oregon, the United States Attorney for the District of Oregon Billy J. Williams released an official statement on May 18, 2018 ("Williams Memo"), which clarified his office's position with regards to the priorities in enforcement of federal laws involving marijuana in the District of Oregon. The priorities set out in the Williams Memo are as follows:

1. Priority 1: Overproduction and Interstate Trafficking. Prioritizing enforcement of federal marijuana violations that have national or interstate implications, particularly when the Oregon-based criminal activity adversely affects states that have not legalized marijuana, which will remain a top priority until overproduction that feeds exportation of marijuana across Oregon's borders stops.

2. Priority 2: Protecting Oregon's Children. Prioritizing enforcement of federal marijuana violations that threaten public health, with particular emphasis on the access to marijuana by minors.
3. Priority 3: Violence, Firearms, or other Public Safety Threats. Prioritizing enforcement of federal marijuana violations that involve or pose a substantial risk of violence or other threats to public safety in our communities, especially those involving firearms and illegal manufacture of butane hash oil that has potential to result in dangerous explosions and fires.
4. Priority 4: Organized Crime. Prioritizing enforcement of federal marijuana violations that serve to fuel other criminal activity, especially through racketeering and the involvement of organized crime. This includes not only violent crimes, but also non-violent criminal activity, such as federal income tax evasion or systematic money laundering to evade detection of illegal proceeds.
5. Priority 5: Protecting Federal Lands, Natural Resources, & Oregon's Environment. Prioritizing enforcement of federal marijuana violations that have serious adverse effects on federal land or natural resources, including water, air, and listed species. Examples falling within this priority include cultivating marijuana on federally managed lands, using unlawful pesticides that pose a threat to human health, wildlife, and our environment, or using large amounts of water for grow operations without proper authorization.

As a result of the Sessions Memorandum, federal prosecutors will now be free to utilize their prosecutorial discretion to decide whether to prosecute cannabis activities despite the existence of state-level laws that may be inconsistent with federal prohibitions. No direction was given to federal prosecutors in the Sessions Memorandum as to the priority they should ascribe to such cannabis activities, and resultantly it is uncertain how active federal prosecutors will be in relation to such activities. Furthermore, the Sessions Memorandum did not discuss the treatment of medical cannabis by federal prosecutors. Medical cannabis is currently protected against enforcement by enacted legislation from United States Congress in the form of the Leahy Amendment to H.R.1625 – a vehicle for the Consolidated Appropriations Act of 2018 which similarly prevents federal prosecutors from using federal funds to impede the implementation of medical cannabis laws enacted at the state level, subject to the United States Congress restoring such funding. Due to the ambiguity of the Sessions Memorandum, there can be no assurance that the federal government will not seek to prosecute cases involving cannabis businesses that are otherwise compliant with state law.

Such potential proceedings could involve significant restrictions being imposed upon the Company or third parties, while diverting the attention of key executives. Such proceedings could have a material adverse effect on the Company's business, revenues, operating results and financial condition as well as the Company's reputation and prospects, even if such proceedings were concluded successfully in favour of the Company. In the extreme case, such proceedings could ultimately involve the prosecution of key executives of the Company or the seizure of corporate assets.

The Leahy Amendment must be renewed to protect the medical cannabis industry

The Leahy Amendment, as discussed above, prohibits the Department of Justice from spending funds appropriated by United States Congress to enforce the tenets of the CSA against the medical cannabis industry in states which have legalized such activity. This amendment has historically been passed as an amendment to omnibus appropriations bills, which by their nature expire at the end of a fiscal year or other defined term. The Leahy Amendment has been renewed through the September 2019 fiscal year, but there is no guarantee that it will thereafter continue in effect.

Anti-money laundering laws and regulation

The Company will be subject to a variety of laws and regulations domestically and in the United States that involve money laundering, financial recordkeeping and proceeds of crime, including the Bank Secrecy Act, as amended by Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act), Sections 1956 and 1957 of U.S.C. Title 18 (the Money Laundering Control Act), the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada), as amended and the rules and regulations thereunder, the Criminal Code (Canada) and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the United States and Canada.

Banks often refuse to provide banking services to businesses involved in the marijuana industry due to the present state of the laws and regulations governing financial institutions in the United States. The lack of banking and financial services presents unique and significant challenges to businesses in the marijuana industry. The potential lack of a secure place in which to deposit and store cash, the inability to pay creditors through the issuance of checks and the inability to secure traditional forms of operational financing, such as lines of credit, are some of the many challenges presented by the unavailability of traditional banking and financial services.

In February 2014, the Department of the Treasury Financial Crimes Enforcement Network issued a memo (the "FinCEN Memo") providing instructions to banks seeking to provide services to cannabis-related businesses. The FinCEN Memo states that in some circumstances, it is permissible for banks to provide services to cannabis-related businesses without risking prosecution for violation of federal money laundering laws. It refers to supplementary guidance that former Deputy Attorney General James M. Cole issued to federal prosecutors relating to the prosecution of money laundering offenses predicated on cannabis-related violations of the CSA. While the FinCEN Memo has not been rescinded, it remains unclear whether the current administration will follow its guidelines. Overall, the Department of Justice continues to have the right and power to prosecute crimes committed by banks and financial institutions, such as money laundering and violations of the Bank Secrecy Act, that occur in any state, including in states that have legalized the applicable conduct and the Department of Justice's current enforcement priorities could change for any number of reasons, including a change in the opinions of the President of the United States or the United States Attorney General. A change in the Department of Justice's enforcement priorities could result in the Department of Justice prosecuting banks and financial institutions for crimes that previously were not prosecuted.

In the event that any of the Company's operations, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such operations in the United States were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above or any other applicable legislation. This could restrict or otherwise jeopardize the ability of the Company to declare or pay dividends, affect other distributions or subsequently repatriate such funds back to Canada.

Furthermore, while there are no current intentions to declare or pay dividends on the Common Shares in the foreseeable future, in the event that a determination was made that the Company's proceeds from operations (or any future operations or investments in the United States) could reasonably be shown to constitute proceeds of crime, the Company may decide or be required to suspend declaring or paying dividends without advance notice for an indefinite period of time.

The illegality of cannabis in the United States presents additional legal and operational challenges. Because the use of cannabis is illegal under federal law, many judges and courts have denied cannabis businesses bankruptcy protections, enforcement of contracts, and protection of intellectual property – all of which may have a materially adverse effect on the Company's results of operations and its investors return on investment. Without bankruptcy protections, it would be very difficult for lenders to recoup their investments in the cannabis industry in the event of a bankruptcy. In addition, there remains doubt and uncertainty that the Company will be able to legally enforce its contracts. The Company cannot be assured that it will have a remedy for breach of contract, which may have a material adverse effect on its business. Similarly, the benefit of federal laws and protections which are otherwise available to most businesses, such as federal trademark and patent protection regarding the intellectual property of a business, may not be available to the Company. The Company's strategy is highly focused on creating brand equity and identity in its markets, by building strong brand awareness. The Company's intellectual property may never be adequately or sufficiently protected against the use or misappropriation by third-parties. While many states do offer the ability to protect trademarks independent of the federal government, patent protection is wholly unavailable on a state level, and state-registered trademarks provide a lower degree of protection than would federally-registered marks. This position may prevent the Company from effectively marketing and selling its cannabis-infused and CBD-infused consumable products using technology that management believes should otherwise be afforded patent protection. As a result of the United States regulatory position on cannabis businesses, the Company may not be able to effectively prevent competitors from using its technology to market similar products in the markets in which it operates.

Restriction of entry into the United States

In the past, U.S. Customs and Border Protection (the “U.S. CBP”) was given the discretion to question Canadians entering the U.S. about their marijuana use and whether to use their response as a barrier to entry. Recently, the U.S. CBP has been focusing on the whole cannabis industry, including investors. Several highly publicized instances of U.S. CBP detaining and even banning Canadian investors from the United States have occurred in recent months. The restriction of travel to the United States of the Company's executives and investors would seriously impair the ability of the Company to conduct business and could materially impact the Company's results of operations.

In addition to those stated above, there are a number of inherent risks associated with the Company's activities. These risks are described in the Company's CSE listing statement filed on www.sedar.com under “*Business Risks*” as filed on November 12, 2018, and under “*Risk Factors*” in the Company's annual information form filed on November 26, 2018. At December 31, 2017, the Company had not identified any material changes to the risk factors affecting its business, and its approach to managing those risks, from those discussed in the document referred to above. These business risks should be considered by interested parties when evaluating the Company's performance and outlook.

INFORMATION CONCERNING GREEN GROWTH BRANDS INC.

Additional information relating to the Company, may be accessed through the SEDAR website at www.sedar.com under Green Growth Brands Inc. and the Company's website at www.greengrowthbrands.com.

Toronto, Ontario
May 28, 2019