

Primo Nutraceuticals Inc.
(Formerly Bougainville Ventures Inc.)

440-890 West Pender Street, Vancouver, BC,

MANAGEMENT'S DISCUSSION & ANALYSIS

For the period ended January 31, 2020 and 2019

March 31, 2020

INTRODUCTION

General

Primo Nutraceuticals Inc. (formerly Bougainville Ventures Inc.) (the “Company”) was incorporated under the Business Corporations Act on April 29, 2014 as a wholly owned subsidiary of 0941092 B.C. Ltd. (“BC0941092”). The Company and BC0941092 entered into the Arrangement Agreement on June 25, 2014 to conduct a corporate restructuring by way of a statutory plan of arrangement (the “Plan of Arrangement”) to commence its operations as a preclinical stage biotechnology company in a business combination with Network Immunology Inc..

Pursuant to the completed Arrangement 1,225,209 shares were distributed to the BC0941092 Shareholders on August 14, 2017.

On June 11, 2015 Network Immunology Inc. and the Company confirmed the performance conditions for entering into an amalgamation agreement were not met and the letter of intent was terminated.

On April 3, 2017 the Company entered into the agreement with Marijuana Company of America Inc (“MCOA”) to form a joint venture that includes the organization of a limited liability company to engage in the development and promotion of the products in the high yield crop industry in Washington State USA.

On July 1, 2017 the Company entered into a purchase agreement of real estate consisting of a lot in Okanagan County, Washington, USA for \$907,000. The lot consists of 4.33 acres parcel of land and 2,000 square foot warehouse processing facility. On August 14, 2017 the purchase was complete.

On August 2, 2018 the Company has filed and obtained a receipt from the British Columbia Securities Commission for its Final Non-Offering Prospectus (“Prospectus”). A copy of the Prospectus is available on SEDAR under the Company’s profile at www.sedar.com.

On August 31, 2018 the Company was listed on the Canadian Securities Exchange (the “CSE”) under the symbol BOG.

On October 24, 2019 the Company changed its name from Bougainville Ventures Inc.to Primo Nutraceuticals Inc. and changed the symbol to PRMO.

The address of the Company’s corporate office and place of business is 440 - 890 W Pender Street, Vancouver, British Columbia, Canada.

The Company’s financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation.

As at January 31, 2020 the Company had not yet achieved profitable operations, had recurring losses, a deficit of \$6,621,676 (2019- \$1,522,329), a working capital deficiency of \$2,371,886 (2019 - \$1,963,562), and expects to incur further losses in the development of its business, indicate the existence of a material uncertainty all of which casts substantial doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

Basis of Discussion & Analysis

This management's discussion and analysis ("MD&A") is dated as of March 31, 2020 and should be read in conjunction with the unaudited condensed interim financial statements of the Company together with the related notes for the three months ended January 31, 2020, and 2019, and the audited financial statements of the Company together with the related notes for the year ended July 31, 2019.

Our discussion in this MD&A is based on the Financial Statements for the six months ended January 31, 2020, and 2019 prepared in accordance with International Financial Reporting Standards. ("IFRS"). Unless expressly stated otherwise, all financial information is presented in Canadian dollars. The financial statements and MD&A have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (IASB), and as such do not include all of the information required for full annual financial statements.

All statements other than statements of historical fact in this MD&A are forward-looking statements. These statements represent the Company's intentions, plans, expectations and beliefs as of the date hereof, and are subject to risks, uncertainties and other factors of which many are beyond the control of the Company. These factors could cause actual results to differ materially from such forward-looking statements. Readers should not place undue reliance on these forward-looking statements. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances.

THE COMPANY AND BUSINESS

Principal Business

Primo Nutraceuticals Inc. ("Primo" or the "Company") provides strategic capital to the thriving cannabis cultivation sector through ownership and development of commercial real estate and farm friendly properties. The Company has entered into the Green Venture JV, pursuant to which the Company holds interests in real estate, shareholdings and services agreements to offer services to Green Venture, an infrastructure and equipment leasing company. Green Venture is a private British Columbia registered corporation which provides high value premium luxury crop and licensed marijuana tenant-growers with leased land, greenhouses, and processing facilities

Primo is dedicated to funding the rapid growth in production, processing, retail and branding of cannabis and cannabis related products in Canada and the United States. Primo has invested in several brands and is pursuing partnerships with retailers and distribution companies in Canada and the United States. Primo's management is in the process of building a corporate road map to further vertically integrate the Company, specifically by way of “Primo” branded retail outlets - offering "Thrive," "Primo," and a selection of curated partner brands. The Company possesses proprietary formulas for cannabis edibles, topical, and tinctures. Primo is focused on building a strong presence in the hemp industry with the objective of extracting and selling cannabinoids (CBD) products in both Canada and the United States.

Thrive Nutrition Products Ltd.

On September 24, 2019 the Company signed a definitive agreement to complete the acquisition of Thrive Nutrition (“the Thrive Nutrition Transaction”). Thrive Wellness is an established distributor of hemp & cannabinoid-focused natural health products under the “THRIVE WELLNESS” brand. In October 2019 the Company issued 18,200,000 common shares at a price of \$0.045 with a fair value of \$819,000 to acquire 39% interest in Thrive Nutrition Products Ltd. On October 8, 2019 the Company appointed Mr. Andy Dhaliwal, President of Thrive Wellness to Vice President of Sales and Distribution of Primo.

Thrive Wellness is a distributor of premium hemp and natural health products with operations currently in Canada and the USA. Thrive specializes in the development, marketing and distribution of cannabinoid products refined into their own natural health product brand.

Worm Casting Farms Inc.

On October 29, 2018, the Company has signed a letter of intent (LOI) to enter into a funding and profit sharing agreement with Worm Castings Farms Inc. (“Worm Castings”), the sole owner of an Oregon State Hemp production and processing license, issued by the Oregon State Regulatory approval board. Pursuant to the letter of intent, the Company issued 10,000,000 common shares valued at \$1,200,000 (\$0.12 per share) and advanced \$471,569 (USD \$348,655) in exchange in exchange for 30% interest in the right, title and interest in Worm Casting Farms Inc.

During the year ended July 31, 2019, the Company and Worm Casting Farms Inc. opted not to pursue the acquisition of the 30% interest in the right, title and interest in the Oregon State. In anticipation of this result, the Company recognized an impairment loss of \$1,671,569.

Gene Bank Research Inc.

Pursuant to an agreement dated November 1, 2018, with Gene Bank Research Inc., on November 8, 2018 the Company issued 25,000,000 common shares valued at \$4,250,000 (\$0.17 per share). On April 8, 2019 the contract was terminated. Of the 25,000,000 shares initially issued 18,125,000 shares were cancelled. 6,875,000 shares of Bougainville stock were deposited into CDS and were unable for cancelation. The Company has recognized an impairment loss of \$1,168,750 on contract termination.

Business Objectives and Milestones

The Company intends to continue its turnkey model for agricultural growth in Washington State which is scalable and able to grow as the market develops.

Through a series of acquisitions, the Company has embarked on its objectives of developing a line of proprietary formulas for CBD and cannabis edibles, topical, and tinctures. Led by the appointment of the CEO of THRIVE and ongoing strategic acquisitions in the nutraceutical and wellness space, the Company is moving into the sale of quality products.

See “Description of the Business.”

Primo Nutraceuticals Inc. is continuing to identify and negotiate CBD product based acquisitions.

SELECTED QUARTERLY FINANCIAL INFORMATION

	For the Three-Month Period Ended January 31, 2020	For the Three-Month Period Ended January 31, 2019
	\$	\$
Revenue	-	-
Net income (loss)	(84,894)	(284,521)
Income (loss) per common share	(0.00)	(0.00)
Total assets	3,375,096	7,788,644
Total long-term financial liabilities	-	-
Dividends declared	-	-
		-

RESULTS OF OPERATIONS

Office and Administration Fees \$Nil (2019-\$3,558); Accounting Fees \$NIL (2019-\$6,000); Marketing fees \$Nil (2019-\$22,500) Bank Fees and brokerage fees \$454 (2019-\$603); Foreign exchange \$1 (2019-\$11,894) decrease due to the foreign exchange volatility; Management fees \$45,000 (2019-\$81,000) decrease due to the decrease in management team remuneration; Consulting fees \$1,399 (2019-\$175,652); Regulatory Filings \$2,050 (2019- \$2,050); Rent \$1,950 (2019-\$ 3,354); and Transfer Agent Fees \$Nil (2019-\$1,968).

LIQUIDITY AND CAPITAL RESOURCES

The Company has not generated any revenue from operations and to date has relied upon private placements, and loans to continue its business.

As of January 31, 2020, the Company's total assets of \$3,375,096 were comprised of \$531 of Cash , \$24,881 Amounts receivable, \$5,404 Marketable securities, \$400,914 Loans receivables , \$197,160 Due from shareholder, \$102,123 Due from related parties , \$918,083 Assets development , \$819,000 Investments and \$907,000 Real Estate lot. The Company's total liabilities were \$2,402,702 comprised of \$194,561 Accounts payable and accrued liabilities, \$1,652,399 Due to the Joint venture partner, \$444,742 Loans and \$111,000 Due to related Parties.

The Equity deficit increased to \$6,621,676 as of January 31, 2020 from \$6,026,371 on July 31, 2019 due to the incurred expenses.

CHANGES IN CASH POSITIONS

	For the Six-Month Period Ended	
	January 31, 2020	January 31, 2019
	\$	\$
Cash (used in) /provided by:		
Net cash used in operating activities	(666,305)	(763,419)
Net cash used in investing activities	(110,600)	(610,507)
Net cash provided by financing activities	776,286	1,374,538
Change in cash	(619)	612
Cash , beginning	1,150	242
Cash, end	531	854

Cash Flows from Investing Activities

Company has not generated positive cash flows from operating activities for the period ended January 31, 2020 and 2019. For the period ended January 31, 2020, net cash flows used in operating activities was \$666,305 compared to \$763,419 as at January 31, 2019.

Cash Flows from Investing Activities

For the period ended January 31, 2020, net cash flows used in investing activities was \$110,600 compared to \$610,507 as at January 31, 2019.

Cash Flows from Financing Activities

Company financed its operations primarily from private placements, loans and from loans from the related parties and share issuance. For the period ended January 31, 2020, net cash from financing activities was \$776,2865 compared to \$1,374,538 as at January 31, 2019.

SUMMARY OF QUARTERLY RESULTS

A summary of financial results for the most recently completed quarters as follows:

Three Months Ended	Revenue (\$)	Net Income (Net Loss) (\$)	Gain (Loss) per Share (\$)
31 Jan 2020	-	(84,894)	(0.00)
31 Oct 2019	-	(510,412)	(0.01)
31 July 2019	-	(2,883,243)	(0.03)
30 Apr 2019	-	(1,653,799)	(0.03)
31 Jan 2019	-	(284,521)	(0.00)
31 Oct 2018	-	(303,822)	(0.01)
31 July 2018	-	(466,295)	(0.01)
30 Apr 2018	-	(137,324)	(0.00)
31 Jan 2018	-	(81,982)	(0.00)
31 Oct 2017	-	(98,010)	(0.00)
31 July 2017	-	(39,093)	(2,792.56)
30 Apr 2017	-	(15,729)	(1,123.5)
31 Jan 2017	-	-	-
31 Oct 2016	-	-	-

FINANCIAL INSTRUMENTS

The Company's financial instrument consist of cash, taxes recoverable, accounts payable, and due to the related parties the fair values of which are considered to approximate their carrying values due to their short-term maturities.

The Company's risk exposures and the possible impact of these expenses on the Company's financial instruments are summarized below:

Strategic and operational risks

Strategic and operational risks are risks that arise if the Company fails to carry out business operations and/or to raise sufficient equity and/or debt financing in financing development. These strategic opportunities or threats arise from a range of factors that might include changing economic and political circumstances and regulatory approvals and competitor actions. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to discharge an obligation. The Company is subject to normal industry credit risks. Therefore, the Company believes that there is minimal exposure to credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at January 31, 2020, the Company had \$30,816 (2019 – \$378,606) in current assets and current liabilities of \$2,402,702 (2019 – \$2,342,168).

Interest risk

Interest risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in market risk. The Company's sensitivity to interest rates is currently immaterial.

Foreign currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument denominated in a foreign currency will fluctuate because of changes in foreign exchange rates. The Company holds loans that are denominated in USD currency. A change in foreign currency exchange rates can have an impact on net income and comprehensive income. The result of sensitivity analysis shows an increase or decrease of 5% in exchange rates, with all other variables held constant, could have increased or decreased the net income and comprehensive income by approximately \$85,145 (2019 - \$72,281).

SHARE CAPITAL

The Company's authorized share capital consists of an unlimited number of common shares without par value.

Issued and Outstanding:

On August 8, 2017 a resolution was passed to consolidate the capital stock on the basis of seven (7) old common shares into one (1) new common share. All share and per share information included in the financial statements and accompanying notes have been adjusted to reflect this share split for all periods presented.

On August 14, 2017, the Company issued 1,225,209 common shares pursuant to the obligation under the Plan of Arrangement.

On August 14, 2017, the Company issued 2,600,000 common shares for debt settlement of \$52,000

On August 14, 2017 the Company issued 45,368,666 common shares real estate lot purchase.

On November 6, 2017 the Company issued 186,666 units for \$0.15 per unit. Each unit consists of: 1 common share of the Company, ½ of one common share purchase warrant with an exercise price of

\$0.50 and ½ of one common share purchase warrant with an exercise price of \$0.75. The Company has outstanding 15,000 in share subscription receivable.

On October 15, 2018, the Company issued 510,000 common shares at a price of \$0.25 per share for consulting services of \$127,500.

On October 23, 2018, Company issued 354,000 common shares at a price of \$0.25 per share for gross proceeds of \$88,500. Each unit consists of one common share of the Company, and one common share purchase warrant with each warrant exercisable into one additional common share at a price of \$0.50 for a period of one year.

On October 23, 2018, the Company issued 32,285 common shares at a price of \$0.28 per share for marketing services of \$9,040.

On November 8, 2018, the Company has issued 25,000,000 common shares at a price of \$0.17 per share as securities for intangible assets of Gene Bank Research Inc. Subsequently, the asset purchase transaction was cancelled. On February 26, 2019, 18,125,000 common shares of Company were cancelled and returned to the company treasury. The remaining 6,875,000 shares were already deposited into CDS and were unable to be cancelled (Note 6).

On November 21, 2018, the Company issued 930,000 common shares at a price of \$0.25 per share for gross proceeds of \$232,500. Each unit consists of one common share of the Company, and one common share purchase warrant with each warrant exercisable into one additional common share at a price of \$0.50 for a period of one year. Obligation to issued shares of \$100,000 was reclassified to share capital.

On November 26, 2018, the Company issued 50,000 common shares at a price of \$0.105 per share to a former Director for past consulting services of \$5,250.

On April 1, 2019, the Company issued 492,883 common shares at a price of \$0.02-0.03 per share for legal services of \$14,361. Each unit consists of one common share of the Company, and one common share purchase warrant with each warrant exercisable into one additional common share at a price of \$0.09 for a period of one year.

On April 1, 2019, the Company issued 85,000 common shares at a price of \$0.035-0.25 per share for consulting services of \$5,125.

On May 22, 2019, the Company issued 3,316,666 common shares at a price of \$0.06 per share for gross proceeds of \$199,000. Each unit consists of one common share of the Company, and one common share purchase warrant with each warrant exercisable into one additional common share at a price of \$0.10 for a period of two years.

On May 23, 2019, the Company issued 10,000,000 common shares at price of \$0.12 per share to Worm Castings Farms Inc. pursuant to the letter of intent (Note 6).

On May 24, 2019, the Company issued 5,463,374 common shares at a price of \$0.12 per share to partial settle loan payables in the amount of \$655,605. Each unit consists of one common share of the Company, and one common share purchase warrant with each warrant exercisable into one additional common share at a price of \$0.25 for a period of one year.

On April 1, 2019, the Company issued 50,000 common shares at a price of \$0.15 per share for consulting services of \$7,500.

On July 5, 2019, the Company issued 10,000,000 common shares at price of \$0.07 per share to Island Biopharma Inc. pursuant to the Asset Purchase Agreement (Note 8).

On July 5, 2019, the Company issued 200,000 common shares at a price of \$0.07-0.09 per share for consulting services of \$16,000.

On July 5, 2019, the Company issued 81,573 common shares at a price of \$0.06-0.10 per share for legal services of \$6,693. Each unit consists of one common share of the Company, and one common share purchase warrant with each warrant exercisable into one additional common share at a price of \$0.09 for a period of one year.

On September 3, 2019 The Company issued 13,264,910 common shares at a price of \$0.05 for debt settlement of \$663,246.

On October 15, 2019 the Company issued 18,200,000 common shares at a price of \$0.045 with a fair value of \$819,000 to acquire 39% interest in Thrive Nutrition Products Ltd.

On October 23, 2019, the Company issued 17,775,782 common shares at a price of \$0.03-0.35 for debt settlement of \$548,274.

On November 7, 2019, the Company issued 1,500,000 common shares at a price of \$0.05 for debt settlement of \$75,000.

On December 3, 2020, the Company issued 40,000 common shares at a price of \$0.15 for debt settlement of \$6,000.

As at January 31, 2020 and the date of this report 2,500,000 stock options outstanding.

FUTURE CASH REQUIREMENTS

The Company's future capital requirements will depend on many factors, including, among others, cash flow from operations. Should the Company pursue other business opportunities, the Company may need to raise additional funds through debt or equity financing. If additional funds are raised through the issuance of equity securities, the percentage ownership of current shareholders will be reduced and such equity securities may have rights, preferences, or privileges senior to those of the

holders of the Company's common stock. No assurance can be given that additional financing will be available, or that it can be obtained on terms acceptable to the Company and its shareholders. Accordingly, the Company is investigating various business opportunities that ideally will increase the Company's positive cash flow.

RELATED PARTY TRANSACTIONS AND BALANCES

The Company has identified its directors and senior officers as its key management personnel. No post-employment benefits, other long-term benefits and termination benefits were made during the period ended January 31, 2020 and 2019.

For the three months period ended January 31, 2020 management fees of \$18,000 (2019 - \$18,000) were charged by a company controlled by the Chief Financial Officer (CFO).

For the three months period ended January 31, 2020 management fees of \$36,000 (2019- \$72,000) were charged by the CEO, and \$180,000 (2018 - \$NIL) of debt was settled for 6,000,000 (2018 - Nil) common shares.

For the three months period ended January 31, 2020 management fees of \$36,000 (2019- \$72,000) were charged by a director of the Company, and \$188,100 (2019 - \$NIL) of debt was settled for 6,270,000 (2019 - Nil) common shares.

As at January 31, 2020, the Company had \$43,217 (2019 - \$79,217) due from a company controlled by the CFO.

As at January 31, 2020 the Company had \$29,024 (2019 - \$18,905 due to) due from the CEO. The Company had \$197,160 (\$150,000 USD) (2019 - \$191,190 (\$150,000 USD) due from the CEO recorded as a shareholder loan on the statements of financial position.

As at January 31, 2020 the Company had \$87,930 (2019 - \$134,521) due to a director of the Company.

As at January 31, 2020 the Company had \$111,000 (2019 - \$nil) due to a director of the Company.

These balances are non-interest bearing and are due on demand.

CHANGES IN ACCOUNTING POLICIES

Adoption of new IFRS pronouncements

The following standard will be effective for annual periods beginning on or after January 1, 2018:

- i) IFRS 16, "Leases", In January 2016, the IASB issued IFRS 16, Leases, effective for annual periods beginning on or after January 1, 2019, with earlier adoption permitted. IFRS 16 will replace IAS 17, Leases. The Company adopted this standard on August 1, 2019 with no material impact on its statement of financial position or results of operations.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off balance sheet arrangements.

RISKS AND UNCERTAINTIES

These statements represent the Company's intentions, plans, expectations and beliefs as of the date hereof, and are subject to risks, uncertainties and other factors of which many are beyond the control of the Company.

The financing and development of the Issuer's business are subject to a number of factors, including laws and regulations in the areas of taxation, permitting and others, including hiring qualified people, and obtaining necessary services in jurisdictions where the Issuer operates. The current trends relating to these factors are favourable but could change at any time and negatively affect the Issuer's operations and business.

Start-Up Venture

As a start up venture the Company's prospects are affected by the risks, expenses, and difficulties frequently encountered by companies in the growth stage, particularly companies in highly competitively markets. As an early growth stage company, the risks include, but are not limited to, evolving and unpredictable business models and growth management. To address these risks, the Company must, among other things, expand its customer base, implement and successfully execute its business and marketing strategy, continue to develop and upgrade its operations, provide superior service to customers, respond to competitive developments, and attract, retain, and motivate qualified personnel. There is no assurance that it can be profitable in the future.

The success of the Company is dependent upon certain factors that may be beyond the Company's control. There is no assurance that it can raise the funds required to operate.

Uninsured Risks

The Company may carry insurance to protect against certain risks in such amounts as it considers adequate. Risks not insured against include lost records, loss or damage or other hazards against which such corporations cannot insure or against which they may elect not to insure.

Conflicts of Interest

Certain of the directors of the Company also serve as directors and/or officers of other companies involved in marketing and financial corporations. Consequently, there exists the possibility for such directors to be in a position of conflict. Any decision made by such directors involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such directors will declare, and refrain from voting on, any matter in which such directors may have a conflict of interest.

United States Regulation

The United States federal government regulates drugs through the Controlled Substances Act (21 U.S.C. § 811), which places controlled substances, including cannabis, in a schedule. Cannabis is classified as a Schedule I drug, which is viewed as highly addictive and having no medical value. The United States Federal Drug Administration has not approved the sale of marijuana for any medical application. Doctors may not prescribe cannabis for medical use under federal law, however, they can recommend its use under the First Amendment. In 2010, the United States Veterans Affairs Department clarified that veterans using medicinal cannabis will not be denied services or other medications that are denied to those using illegal drugs. Twenty-eight states and the District of Columbia currently have laws legalizing marijuana in some form. Three other states will soon join them after recently passing measures permitting use of medical marijuana.

Recently, California, Massachusetts, Maine and Nevada all passed measures in November, 2016 legalizing recreational marijuana. California's Prop. 64 measure allows adults 21 and older to possess up to one ounce of marijuana and grow up to Nine plants in their homes. Other tax and licensing provisions of the law will not take effect until January 2018. Additionally, there are active efforts by many advocacy groups seeking to expand the legalization of cannabis, including, but not limited to the Marijuana Policy Project, a leading advocate for major state-level marijuana policy reforms that have resulted in successful efforts to pass 10 of the 15 most recent state medical marijuana laws (in Arizona, Delaware, Illinois, Maryland, Michigan, Minnesota, Montana, New Hampshire, Rhode Island, and Vermont) and five of the seven most recent decriminalization laws (in Delaware, Maryland, Massachusetts, Rhode Island, and Vermont). These noted state laws, both proposed and enacted, are in conflict with the federal Controlled Substances Act, which makes cannabis use and possession illegal on a national level.

On August 29, 2013, the U.S. Department of Justice issued a memorandum providing that where states and local governments enact laws authorizing cannabis-related use, and implement strong and effective regulatory and enforcement systems, the federal government will rely upon states and local enforcement agencies to address cannabis activity through the enforcement of their own state and local narcotics laws. The memorandum further stated that the U.S. Justice Department's limited investigative and prosecutorial resources will be focused on eight priorities to prevent unintended consequences of the state laws, including distribution of cannabis to minors, preventing the distribution of cannabis from states where it is legal to states where it is not, and preventing money laundering, violence and drugged driving.

On December 11, 2014, the U.S. Department of Justice issued another memorandum with regard to its position and enforcement protocol with regard to Indian Country, stating that the eight priorities in the previous federal memo would guide the United States Attorneys' cannabis enforcement efforts in Indian Country.

The United States Federal Drug Administration has not approved the sale of marijuana or CBD for any medical application. Doctors may not prescribe cannabis or CBD for medical use under federal law, however they can recommend its use under the First Amendment. In 2010, the United States Veterans Affairs Department clarified that veterans using medicinal cannabis or CBD will not be denied services or other medications that are denied to those using illegal drugs.

Currently, twenty-eight states and the District of Columbia have laws legalizing marijuana and CBD in some form. In November, 2016, California, Massachusetts, Maine and Nevada all passed measures legalizing recreational marijuana. California's Prop. 64 measure allows adults 21 and older to possess up to one ounce of marijuana and grow up to Nine plants in their homes. Other tax and licensing provisions of the law will not take effect until January 2018. These noted state laws, both proposed and enacted, are in direct conflict with the federal Controlled Substances Act, which makes cannabis use and possession illegal on a national level.

On December 16, 2014, as a component of the federal spending bill, the Obama administration enacted regulations that prohibit the Department of Justice from using funds to prosecute state-based legal medical cannabis programs.

Although Primo Nutraceuticals Inc.' customers include luxury crop growers, there are no imminent customers at this time, and investors could lose their total investment in our Company.

As a result of the election in 2016, the Trump administration has not indicated whether the U.S. Department of Justice would maintain the aforementioned policies, and there is a material risk that if the Obama era policies regarding cannabis are not followed, our business to lease turn-key greenhouse facilities to licensed marijuana growers could end. The Trump administration has not taken a position on enforcement of federal laws relating to cannabis, in light of the foregoing administrative position of the U.S. Department of Justice .

ADDITIONAL INFORMATION

Additional information is available on the SEDAR website at www.sedar.com.