SPEAKEASY CANNABIS CLUB LTD.

Management Discussion & Analysis

For the period ended April 30, 2019 and 2018

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

This Management Discussion & Analysis ("MD&A") for Speakeasy Cannabis Club Ltd. (the "Company" or "Speakeasy") for the period ended April 30, 2019 has been prepared by management, in accordance with the requirements of National Instrument 51-102, as of July 2, 2019.

This MD&A provides a detailed analysis of the business of the Company and should be read in conjunction with the Company's condensed interim financial statements for the nine month period ended April 30, 2019, which were prepared in accordance with International Financial Reporting Standards ("IFRS") and the notes thereto. All financial amounts are stated in Canadian currency unless stated otherwise.

This MD&A contains certain forward-looking statements based on the best beliefs, and reasonable assumptions of the management of the Company. There are many risks and uncertainties attached to the cannabis industry. Given these risks and uncertainties, the reader should not place undue reliance on these forward-looking statements. (See "Risks and Uncertainties" in this MD&A for more information).

DESCRIPTION OF THE BUSINESS

Overview

Speakeasy Cannabis Club Ltd. (the "Company") is a publicly traded company listed on the Canadian Securities Exchange ("CSE"), trading under the symbol EASY, and has an application for a license under the Access to Cannabis for Medical Purposes Regulations (AMCPR") and is engaged in the business of becoming a Licensed Producer of medical cannabis. The head office of the Company is located at 1515 Meyers Creek Road West, Rock Creek, BC, Canada, V0H 1Y0.

On April 2, 2018, the Company acquired 100% of the issued and outstanding common shares of 10161233 Canada Ltd. ("Speakeasy") in exchange for 12,000,000 of the Company's common shares (the "Transaction"). The Transaction was accounted for as a reverse takeover whereby Speakeasy obtained a listing of its shares on the CSE as well as financing for the further development of its business.

On April 19, 2018, the Company provided an update on its application with Health Canada to obtain licensed producer status under the Access to Cannabis for Medical Purposes Regulations. The Company has submitted its extensive evidence package on its fully completed 10,000-square-foot facility to Health Canada. Health Canada has acknowledged receipt and is currently reviewing the file. This is the final step to obtain a production license under Section 35 of the ACMPR. This package included documentation, detailed photos and video, facility design packages, and the ability to demonstrate product storage, security, monitoring of access and record keeping. No assurances can be given at this point on the time frame for inspection and potential subsequent granting of licensed producer status.

On May 17, 2018, the Company entered into a Letter Of Intent with Valens Groworks Corp. (CSE:VGW) ("Valens"), a company operating with a Dealer's License for cannabis whereby SpeakEasy shall supply Valens with cannabis in the amount of 50% of the cannabis produced by SpeakEasy as categorized "for extraction purposes." The Dealer's License will enable SpeakEasy to conduct research and development ("R&D") and store cannabis derivatives that are not currently covered under the Access to Cannabis for Medical Purposes Regulations ("ACMPR"). The Dealer's License also positions the Business to export cannabis oils and concentrates to international markets, as well as to process natural health products.

On January 30, 2019, the Company announced that it has been informed that it has successfully completed the Heath Canada committee review and would not be required to supply any further information or clarifications on its application to be granted a license to cultivate. The Company's facility and all information regarding its operation has been fully vetted and deemed ready to be licensed by Health Canada under the Cannabis Tracking and Licensing System ("CTLS"). The Company eagerly awaits the grant of its license to cultivate.

On June 6, 2019, the Company provided an update on the progress of the buildout of its outdoor facilities in anticipation of obtaining a license from Health Canada. The Company is currently developing 2,613,600 sq ft of capacity, which is anticipated to be completed in 2019. It is anticipated that this capacity would enable the Company to produce up to approximately 70,000 kg of extract ready cannabis flower as a final use product. Further, the Company intends to develop an additional 2,613,600 sq ft for the 2020 season increasing its potential production capacity up to approximately 150,000 kg.

The Company's facility, located in Rock Creek, BC, is part of the Okanagan area known as the renowned Golden Mile, with the ideal climate for growing cannabis. The long summer and dry harvest season will allow the Company to cultivate outdoor product at a cost that is expected to be under $0.20 per gram for extract material.

The cost of construction for the outdoor production facility, is expected to be approximately $10 per sq ft, compared to $100-150 per sq ft for greenhouse, and $150-200 per sq ft for indoor construction. The resulting low cost to build for the Company, is expected to result in a favorable return on investment (ROI) in comparison to the traditional greenhouse and indoor grow facilities.

FINANCIAL STATEMENTS GOING CONCERN ASSUMPTION

The financial statements have been prepared on the basis of accounting principles applicable to a going concern under IFRS. The use of these principles under IFRS assumes that the Company will continue in operation for the foreseeable future and will be able to realize assets and discharge its liabilities in the normal course of operations.

The Company's operations to date have been financed by issuing common shares. The ability of the Company to arrange such financing in the future depends in part upon the prevailing capital market conditions as well as the business performance of the Company. If additional financing is raised by the issuance of shares from the treasury of the Company existing shareholders may have their interest diluted. If adequate financing is not available, the Company may be required to relinquish rights to certain of its interests or terminate its operations.

As at April 30, 2019, the Company has yet to generate revenues from operations and had a deficit of $28,402,500 (July 31, 2018 - $20,772,469). The Company is actively seeking additional sources of financing. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern that these uncertainties are material and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore to realize its assets and discharge its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying condensed interim consolidated financial statements. These adjustments could be material.

RESULTS OF OPERATIONS

The Company is in the application stage and therefore did not have revenues from operations.

Nine months ended April 30, 2019

For the nine month period ended April 30, 2019, the Company incurred a net loss and comprehensive loss of $7,630,031 (2018 - $13,481,611); $0.13 loss per share (2018 - $2.43).

Significant increases during the period ended April 30, 2019 as compared to the period ended April 30, 2018 relate primarily to costs directly, or indirectly, related to the facility buildout. During the nine months ended April 30, 2019 the Company spent $3,087,743 on the property. Significant changes include the following:

- Automobile expense of $60,304 (2018 - $18,570) increased due to more trips taken during current period facilitate the property build out.

- Consulting fees of $2,070,566 (2018 - $1,644,665) increased as a result of an increase in consultants used as the Company advances towards the grant of its license to cultivate.

- Filling and listing fees of $54,862 (2018 - $19,349) increased primarily due to increased fillings for private placements in current period.

- Legal and professional fees of $374,370 (2018 - $98,242) increased primarily due to costs related to regulatory inquiries.

- Listing recovery of $52,000 (2018- expense of $10,446,447) decreased primarily as a result of reverse takeover transaction in comparative period.

- Meals and entertainment of $7,123 (2018 - $808) increased as a result of increased activities during current period.

- Office and general expenses of $406,795 (2018 - $47,254) increased due to an increase in general activities during the current period as the Company advances towards the grant of its license to cultivate. These include costs related to facilitate the property build out that were not capital in nature as well as general office costs such as rent and administrative.

- Share-based compensation of $896,936 (2018 - $530,188) increased primarily as a result of more options granted during the current period.

- Travel expenses of $119,154 (2018 - $72,932) increased primarily as a result of more trips taken during the current period.

- Wages and salaries of $2,584,342 (2018 - $559,292) increased primarily as a result of more employees hired during the current period to facilitate increased activities required as the Company advances towards the grant of its license to cultivate

Depending on future events, the rate of expenditures and general and administrative costs could increase or decrease.

For the nine month period ended April 30, 2019:

i) the net cash used in operating activities was $2,641,021 (2018 - $2,023,157). Operating activities consist of cash used for items on the consolidated statement of loss and comprehensive loss, adjusted for timing/changes in non-cash working capital items.

ii) net cash used in investing activity was $2,987,743 (2018 - $2,234,007). The cash used in both 2019 and 2018 consisted primarily of expenditures on property, plant and equipment.

iii) net cash provided by financing activities was $16,246,009 (2018 - $5,006,121). The cash provided in 2019 consisted of cash received for the issuance of shares less share issuance costs. The cash provided in 2018 consisted of $2,981,453 in cash received for shares issued and $2,023,672 of advances received prior to the reverse takeover.

Three months ended April 30, 2019

For the three month period ended April 30, 2019, the Company incurred a net loss and comprehensive loss of $5,377,260 (2018 - $13,213,267); $0.08 loss per share (2018 - $0.79).

Significant changes during the three month period ended April 30, 2019 as compared to the period ended April 30, 2018 include the following:

- Advertising and promotion of $1,187 (2018 - $23,140) decreased due to marketing expense incurred to list the Company in German market during comparative period.

- Automobile expense of $23,124 (2018 - $13,233) increased due to more trips taken during current period to facilitate the property build out.

- Filling and listing fees of $30,905 (2018 - $19,349) increased due to increased fillings for private placements in current period.

- Listing expense of $Nil (2018- $10,446,447) decreased primarily as a result of reverse takeover transaction in comparative period.

Office expenses of $216,563 (2018 - $37,176) increased due to an increase in general activities during the current period as the Company advances towards the grant of its license to cultivate. These include costs related to facilitate the property build out that were not capital in nature as well as general office costs such as rent and administrative.

Share-based compensation of $778,865 (2018 - $530,188) increased primarily as a result of more options granted during the current period.

Wages and salaries of $1,657,156 (2018 - $367,871) increased primarily as a result of more employees hired during the current period to facilitate increased activities required as the Company advances towards the grant of its license to cultivate

SUMMARY OF QUARTERLY RESULTS

Quarter ended	Apr. 30, 2019	Jan. 31, 2019	Oct. 31, 2018	Jul. 31, 2018
	$	$	$	$
Net loss	(5,377,260)	(1,082,089)	(1,170,682)	(7,310,428)
Current Assets	11,728,310	615,954	1,958,251	1,310,195
Total Assets	19,037,514	6,317,718	6,917,642	5,531,656
Total Liabilities	1,431,748	1,158,926	1,042,898	912,258
Total Shareholders' Equity	17,605,766	4,858,792	5,874,744	4,619,398
Quarter ended	**Apr. 30 2018**	**Jan. 31, 2018**	**Oct. 31, 2017**	**Jul. 31, 2017**
	$	$	$	$
Net loss	(13,212,267)	(249,774)	Nil	Nil
Current Assets	1,697,189	362,874	30	30
Total Assets	5,331,196	740,809	30	30
Total Liabilities	483,595	1,009,153	Nil	Nil
Total Shareholders' Equity(deficiency)	5,331,196	(268,344)	30	30

The net loss for the quarter ended April 30, 2019 was primarily attributable to increased consulting and management fees, labour and office and general expenses during the quarter.

The net loss for the quarter ended January 31, 2019 was primarily attributable to increased consulting and management fees, labour and office and general expenses during the quarter.

The net loss for the quarter ended October 31, 2018 was primarily attributable to increased share based compensation, consulting and management fees, labour and office and general expenses during the quarter

The net loss for the quarter ended July 31, 2018 was primarily attributable to increased share based compensation, consulting and management fees, labour and office and general expenses during the quarter.

The net loss for the quarter ended April 30, 2018 was primarily attributable to increased consulting, marketing fees, share-based payments, as well as transaction costs relating to the acquisition of subsidiary during the quarter.

The net loss for the quarter ended January 31, 2018 was primarily attributable to increased consulting and management fees, and increased office and general expenses due to increased business activity relating to the SpeakEasy Share Exchange Agreement.

LIQUIDITY AND SOLVENCY

At April 30, 2019, the Company had working capital of $10,396,562 (July 31, 2018 – $397,937).

For the period ended April 30, 2019, cash flows used in operating activities of $3,027,599 resulted primarily from net cash used for operating and other expenses of $8,016,609.

For the period ended April 30, 2019, cash flows used in investing activities of $2,601,165 was primarily a result of equipment purchased during current period.

For period ended April 30, 2019, cash flows from financing activities of $16,246,009 was primarily provided by the issuance of shares and warrants of $16,577,448 and $331,439 of share issuance cost, during current period.

The Company continues to use its cash resources to fund its administrative requirements and to complete its Facility expansion plans. As the Company does not currently generate revenue and cash balances will continue to decline as funds are used to conduct its operations and on-going expansion plans, unless replenished by capital fundraising. The Company is actively seeking additional sources of financing. While the Company has been successful in the past, there is no guarantee that the Company will be successful at raising addition funding in the future.

CAPITAL RESOURCES

The Company has no operations that generate cash flow and its long term financial success is dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. The Company's primary capital assets as at April 30, 2019 consist of property and equipment. Other than the ongoing Facility expansion plans, the Company has no other commitments for capital expenditure, and there are no known trends or expected fluctuations in the Company’s capital resources.

<u>Shares issued</u>

On September 4, 2018, the Company issued 2,000 common shares at a price of $0.50 per unit for proceeds of $1,000 relating to the second tranche of a private placement.

On September 27, 2018, the Company closed its private placement of 3,863,804 units at a price of $0.60 per unit for proceeds of $2,318,282. Each unit comprises of one common share and one-half warrant. Each one whole warrant is exercisable into a common share at an exercise price of $1.00 with a 24 months expiry. In connection with this private placement, $143,188 in finders' fees were paid by the Company and issued 238,648 finders warrants valued at $44,933. Each Broker Warrant entitles the holder to acquire one Common Share at an exercise price of $1.00 per share for the period of 24 months following closing.

On March 4, 2019, the Company issued 720,833 common shares priced at $0.84 per unit for performance bonus to key management personnel.

On March 8, 2019, the Company closed its private placement of 5,370,758 units at a price of $0.50 per unit for proceeds of $2,685,379. Each unit comprises of one common share and one-half warrant. Each one whole warrant is exercisable into a common share at an exercise price of $1.00 with a 24 months expiry. In connection with this private placement, $122,500 in finders' fees were paid by the Company and issued 245,000 finders warrants valued at $148,147. Each broker warrant entitles the holder to acquire one common share at an exercise price of $0.50 per share for the period of 24 months following closing.

On March 8, 2019, the Company issued 929,242 units valued at $464,621 to settle outstanding debt, which resulted in a loss on settlement of debt of $15,459. Each unit comprises of one common share and one-half warrant. Each one whole warrant is exercisable into a common share at an exercise price of $1.00 with a 24 months expiry.

On March 11, 2019, the Company closed its private placement of 9,700,000 units at a price of $0.50 per unit for proceeds of $4,850,000. Each unit comprises of one common share and one-half warrant. Each one whole warrant is exercisable into a common share at an exercise price of $1.00 with a 24 months expiry.

On March 11, 2019, the Company issued 500,000 units at a price of $0.50 per unit to settle outstanding debt of $250,000. Each unit comprises of one common share and one-half warrant. Each one whole warrant is exercisable into a common share at an exercise price of $1.00 with a 24 months expiry.

On March 11, 2019, the Company issued 1,441,666 common shares priced at $0.80 per unit for performance bonus to key management personnel.

On April 24, 2019, the Company closed its private placement of 8,240,002 units at a price of $0.65 per unit for proceeds of $5,356,000. Each unit comprises of one common share and one warrant. Each warrant is exercisable into a common share at an exercise price of $1.00 with a 24 months expiry. In connection with this private placement, $9,425 in finders' fees were paid by the Company and issued 14,500 finders warrants valued at $6,690. Each broker warrant entitles the holder to acquire one common share at an exercise price of $0.65 per share for the period of 24 months following closing.

On April 24, 2019, the Company issued 1,538,461 units at a price of $0.65 per unit to settle outstanding debt of $1,000,000. Each unit comprises of one common share and warrant. Each warrant is exercisable into a common share at an exercise price of $1.00 with a 24 months expiry.

On April 25, 2019, the Company closed its private placement of 1,745,385 units at a price of $0.65 per unit for proceeds of $1,134,500. Each unit comprises of one common share and one warrant. Each warrant is exercisable into a common share at an exercise price of $1.00 with a 24 months expiry. In connection with this private placement, $56,325 in finders' fees were paid by the Company and issued 86,500 finders warrants valued at $39,923. Each broker warrant entitles the holder to acquire one common share at an exercise price of $0.65 per share for the period of 24 months following closing.

During the period ended April 30, 2019, the Company issued 1,134,285 common shares pursuant to the exercise of warrants for proceeds of $232,285.

Stock options granted

On October 2, 2018 the Company granted 200,000 stock options to an officer and consultant. The options are exercisable at a price of $0.70 per share until October 2, 2023.

On February 28, 2019 the Company granted 200,000 stock options to an officer and consultant. The options are exercisable at a price of $0.70 per share until February 28, 2024.

On March 12, 2019 the Company granted 925,000 stock options to employees, officers and consultants. The options are exercisable at a price of $0.80 per share for a period of 5 years.

On March 15, 2019 the Company granted 100,000 stock options to an employee. The options are exercisable at a price of $0.90 per share for a period of 5 years.

On May 29, 2019 the Company granted 100,000 stock options to an employee. The options are exercisable at a price of $0.86 per share for a period of 5 years.

RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers. The remuneration of directors and key management personnel is as follows:

During the nine months ended April 30, 2019 the Company,

i) incurred management fees, recorded as wages, fees and salaries, of $960,333 (2018 - $Nil) to a former CEO of the Company, namely Marc Geen, of which $813,333 was a performance bonus paid in common shares.

ii) incurred consulting fees of $45,000 (2018 - $1,875) to a company controlled by a former director of the Company, namely Mervyn Geen.

iii) incurred professional fees of $31,000 (2018 - $Nil) to a partnership in which the CFO has an interest, namely Dave Cross.

iv) incurred wages, fees and salaries of $13,000 (2018 - $Nil) to the CFO of the Company, namely Dave Cross.

v) incurred wages fees of $770,000 (2018 - $Nil) to a former director of the Company, namely Brian Peery, of which $610,000 was a performance bonus paid in common shares.

vi) incurred management fees recorded as wages, of $98,000 (2018 - $Nil) to the former corporate secretary of the Company, namely Deborah Cotter, of which $30,500 was a performance bonus paid in common shares.

vii) issued 100,000 stock options to a former corporate secretary of the Company, namely Deborah Cotter, with a fair value of $45,529.

viii) issued 100,000 stock options to a former CFO of the Company, namely Dave Cross, with a fair value of $70,086.

As at April 30, 2019, the Company had balances due to related parties of:

i) $996 (July 31, 2018 - $996), which is due to a former director and CEO of the Company, namely Daniel Wettreich. The amount has no set repayment term, is unsecured and is non-interest bearing.

ii) $2,500 (July 31, 2018 - $2,500), which is due to a former director and CFO of the Company, namely Anthony Jackson. The amount has no set repayment term, is unsecured and is non-interest bearing

iii) $163,800 (July 31, 2018 - $163,800), which is due to a company controlled by a former director and CFO of the Company who resigned on September 10, 2018, namely Bridgemark Capital Corp., controlled by Anthony Jackson. The amount has no set repayment term, is unsecured and is non-interest bearing.

iv) $1,875 (July 31, 2018 - $1,875), which is due to a company controlled by a former director and CFO of the Company, namely Essos Corporate Services Inc. controlled by Von Torres. The amount has no set repayment term, is unsecured and is non-interest bearing.

v) $1,086 (July 31, 2018 - $3,794) which is due to a former corporate secretary of the Company, namely Deborah Cotter. The amount has no set repayment term, is unsecured and is non-interest bearing.

vi) $713 (July 31, 2018 - $Nil) which is due to the former president of the Company, namely Brian Peery. The amount has no set repayment term, is unsecured and is non-interest bearing.

vii) $4,574 (July 31, 2018 - $Nil) which is due to a company owned by a director of the Company, namely Mervyn Geen. The amount has no set repayment term, is unsecured and is non-interest bearing.

viii) $69,945 (July 31, 2018 - $Nil) which is due to a director of the Company, namely the former CEO of the Company, namely Marc Geen. The amount has no set repayment term, is unsecured and is non-interest bearing.

During the period ended April 30, 2019, The Company received $200,000 unsecured loan from the president of the Company bearing interest at 8% per annum with no set repayment terms. The loan accrued the interest of $1,333.33. The Company settled the loan and interest by issuing 442,760 common shares valued at $221,380, which resulted in a gain of $725.27 (note 11).

During the year ended July 31, 2018, the Company entered into performance agreements with the CEO and a former CFO of the Company. Per the agreement, the Company is to issue up to up to 6,500,000 common shares to the CEO and a former CFO should the Company receive a license to cultivate under the Access to Cannabis for Medical Purposes Regulations license application ("ACMPR") from Health Canada. Furthermore, should the Company receive a license to sell under the ACMPR the Company will issue an additional 4,500,000 shares to the CEO. The Company recorded a total of $1,745,317 in share-based compensation in relation to the contingency to issue shares.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not utilize off-balance sheet transactions.

PROPOSED TRANSACTIONS

There are no proposed transactions that will materially affect the performance of the Company other than those disclosed in this MD&A.

CURRENT AND FUTURE ACCOUNTING POLICIES

Please refer to the Condensed Consolidated Interim Financial Statements for the period ended April 30, 2019 on www.sedar.com.

FINANCIAL RISK MANAGEMENT OBJECTIVES, POLICIES AND CAPITAL MANAGEMENT AND POLICIES

Please refer to the Condensed Consolidated Interim Financial Statements for the period ended April 30, 2019 on www.sedar.com.

RISKS AND UNCERTAINTIES

The following are certain factors relating to the business of the Company, which factors investors should carefully consider when making an investment decision concerning the shares of the Company. The Company will face a number of challenges in the development of its business. These risks and uncertainties are not the only ones facing the Company. Additional risks and uncertainties not presently known to the Company or which are currently deemed immaterial, may also impair the operations of the Company. If any such risks actually occur, shareholders could lose all or part of their investment and the financial condition, liquidity and results of operations of the Company could be materially adversely affected and the ability of the Company to implement its growth plans could be adversely affected. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this MD&A.

10161233 Canada Ltd. is Not a Licensed Producer under the ACMPR

Greenworks applied to Health Canada to become a Licensed Producer under the ACMPR that would enable it to cultivate and sell medical marijuana to patients across Canada. Greenworks has transferred the license Application to 10161233 Canada Ltd. and neither Greenworks nor the 10161233 Canada Ltd. has received the Licences and there is no guarantee that either will become a Licensed Producer. Health Canada has received many applications and only a small fraction have been approved to date.

Furthermore, the timing and success of the 10161233 Canada Ltd. at the various steps in the licensing process is beyond its control and the sole discretion thereof lies with Health Canada. The 10161233 Canada Ltd.'s ability to grow, store and sell medical marijuana in Canada is dependent on receiving a Cultivation Licence and a Sales Licence from Health Canada and there can be no assurance that the 10161233 Canada Ltd. will obtain such Licences. Although the Company believes that the 10161233 Canada Ltd. will meet the requirements of the ACMPR, there can be no guarantee that Health Canada will grant these Licences. Should Health Canada not grant the Licences, the business, financial condition and operating results of the Company would be materially adversely affected. To the extent such Licences are not obtained, the Company prohibited from its proposed production of medical marijuana or from proceeding with the development of its operations as currently proposed.

Even if the 10161233 Canada Ltd., is successful in obtaining the Cultivation Licence and the Sales Licence, such Licences will be subject to ongoing compliance and reporting requirements. Failure to comply with the requirements of the Licences or any failure to maintain the Licences would have a material adverse impact on the business, financial condition and operating results of the Target.

Furthermore, the Licenses will have an expiry date. Upon expiration of the Licenses, the Company would be required to submit an application for renewal to Health Canada containing the information prescribed under the ACMPR and renewal cannot be assured.

Timeframes and Cost to Obtain a License to Cultivate and Sell Under the ACMPR

The timeframes and costs required for 10161233 Canada Ltd. or any applicant for a license under the ACMPR to build the infrastructure required, to apply for, and to receive, a license can be significant. The current backlog of applications from other licensees with Health Canada and the anticipated timeframe for processing and approval of any application for a license to cultivate or sell medical marijuana cannot be reliably determined at this time. If the Company is unable to secure a Sales License this would have a material adverse impact on the business, financial condition and operating results of the Company.

Regulatory Risks

The Company operates in a new industry which is highly regulated and is in a market that is very competitive and evolving rapidly. The Target's ability to grow, store and sell medical marijuana in Canada is dependent on the Licences from Health Canada and the need to maintain the Licences in good standing. Failure to comply with the requirements of the Licences or any failure to maintain these Licences would have a material adverse impact on the business, financial condition and operating results of the Company.

The Company will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions on the Company's operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, financial condition and operating results of the Company.

The industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond the Company's control and which cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies which may be imposed. Changes in government levies, including taxes, could reduce the Company's earnings and could make future capital investments or the Company's operations uneconomical. The industry is also subject to numerous legal challenges, which may significantly affect the financial condition of market participants and which cannot be reliably predicted.

Change in laws, regulations, and guidelines

The Company's operations are subject to a variety laws, regulations and guidelines relating to the manufacture, management, transportation, storage, and disposal of medical marijuana and hemp but also including laws and regulations relating to health and safety, the conduct of operations and the protection of the environment. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of the Company that it may invest in or acquire.

Limited operating history

The Company is subject to many of the risks common to early-stage enterprises, including limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

History of Net Losses

The Company has incurred operating losses since incorporation and may not be able to achieve or maintain profitability and may continue to incur significant losses into the future. In addition, the Company expects to continue to increase operating expenses as it implements initiatives to grow its business. If the Company's revenues do not increase to offset these expected increases in costs and operating expenses, the Company will not be profitable.

Negative Operating Cash Flow

The Company has not generated operating revenue and historically has had negative cash flow from operating activities. It is anticipated that the Company will continue to have negative cash flows in the foreseeable future. Continued losses may have the following consequences:

- increasing the Company's vulnerability to general adverse economic and industry conditions;
- limiting the Company's ability to obtain additional financing to fund future working capital, capital expenditures, operating costs and other general corporate requirements; and
- limited the Company's flexibility in planning for, or reacting to, changes in its business and the industry.

Reliance on a Single Facility

The Company's activities and resources are focused in its Facility in Rock Creek, British Columbia and are expected to continue to be focused on this Facility for the foreseeable future. Adverse changes or developments affecting the existing Facility could have a material and adverse effect on the Company's ability, if and when it acquires the Licenses from Health Canada, to produce medical marijuana, its business, financial condition and prospects.

Factors Related to the Facility

As of the date of this MD&A, the Facility has been completed. Any adverse changes or developments affecting the Facility and commencement of production could have a material and adverse effect on the Company's business, financial condition and prospects. There is a risk that these changes or developments could adversely affect the Facility by a variety of factors, including some that are discussed elsewhere in these risk factors and the following:

(a) delays in obtaining, or conditions imposed by, regulatory approvals;
(b) plant design errors;
(c) environmental pollution;
(d) non-performance by third party contractors;
(e) increases in materials or labour costs;
(f) construction performance falling below expected levels of output or efficiency;
(g) breakdown, aging or failure of equipment or processes;
(h) contractor or operator errors;
(i) labour disputes, disruptions or declines in productivity;
(j) inability to attract sufficient numbers of qualified workers;
(k) disruption in the supply of energy and utilities; or
(l) major incidents and/or catastrophic events such as fires, explosions, earthquakes or storms.

It is also possible that the costs of commencing production may be significantly greater than anticipated by the Company's management, and may be greater than funds available to the Company, in which circumstance the Company may curtail, or extend the timeframes for completing its business plans. This could have an adverse effect on the financial results of the Company.

Expansion of Facility

Expansion of the Facility is subject to Health Canada regulatory approvals. While management does not anticipate significant issues receiving any necessary approvals in the future, the delay or denial of such approvals may have a material adverse impact on the business and may result in the Company not meeting anticipated or future demand when it arises.

Reliance on Management

The success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management. The Company's future success depends on its continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. Qualified individuals are in high demand, and the Company may incur significant costs to attract and retain them. In addition, the loss of any of senior management or key employees could materially adversely affect the Company’s ability to execute its business plan and strategy, and it may not be able to find adequate replacements on a timely basis, or at all.

Restrictions on Sales Activities

The medical marijuana industry is in its early development stage and restrictions on sales and marketing activities imposed by Health Canada, various medical associations, other governmental or quasigovernmental bodies or voluntary industry associations may adversely affect the Company's ability to conduct sales and marketing activities and could have a material adverse effect on the Company's business, operating results or financial condition.

Competition

The Company will face intense competition from other companies, some of which can be expected to have more financial resources and manufacturing and marketing experience than the Company. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition and results of operations of the Company. To date, the Canadian government has only issued a limited number of licenses under the ACMPR to produce and sell medical marijuana. The number of licenses granted could have an impact on the business, financial condition and operating results of the Company. Because of early stage of the industry in which the Company operates, the Company expects to face additional competition from new entrants. According to Health Canada, there are currently 69 Licensed Producers as the date of this Listing Statement. If the number of users of medical marijuana in Canada increases, the demand for products will increase and the Company expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, the Company will require a continued high level of investment in research and development, marketing, sales and client support. The Company may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and operating results of the Company.

Client Acquisition and Retention

The Company’s success will depend on its ability to attract and retain patients. There are many factors which could impact the Company’s ability to attract and retain patients, including but not limited to the Company’s ability to continually produce desirable and effective product, the successful implementation of the Company’s patient-acquisition plan and the continued growth in the aggregate number of patients selecting medical marijuana as a treatment option and other companies producing and supplying similar products. The Company’s failure to acquire and retain patients would have a material adverse effect on the business, financial condition and operating results of the Company.

Transportation Risks

Due to the perishable nature of the Company’s proposed products, the Company will depend on fast and efficient third-party transportation services to distribute its product. Any prolonged disruption of third party transportation services could have an adverse effect on the financial condition and results of operations of the Company. Rising costs associated with the third-party transportation services which will be used by the Company to ship its proposed products may also adversely impact the business of the Company and its ability to operate profitably.

Risks Inherent in an Agricultural Business

The Company's business will involve the growing of medical marijuana, an agricultural product. As such, the business is subject to the risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks. Although the Company proposes to grow its proposed products indoors under climate-controlled conditions, there can be no assurance that natural elements will not have a material adverse effect on the volume, quality and consistency of its products.

Energy Costs

10161233 Canada Ltd.'s medical marijuana growing operations will consume considerable energy, which will make it vulnerable to rising energy costs. Accordingly, rising or volatile energy costs may, in the future, adversely impact the business of 10161233 Canada Ltd. and its ability to operate profitably.

Unfavorable Publicity or Consumer Perception

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

Product Liability

If licensed as a distributor of products designed to be ingested or inhaled, the Company faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its proposed products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of cannabis products involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of cannabis products alone or in combination with other medications or substances could occur. The Company may be subject to various product liability claims, including, among others, that the proposed products produced by the Company caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Company could result in increased costs, could adversely affect the Company's reputation with consumers generally, and could have a material adverse effect on the business, financial condition and operating results of the Company. There can be no assurances that the Company will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of proposed products.

Product Recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of the Company's proposed products are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Company may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although the Company intends to have detailed procedures in place for testing proposed finished products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the Company's proposed products were subject to recall, the image of that product and the Company could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for products produced by the Company and could have a material adverse effect on the results of operations and financial condition of the Company. Additionally, product recalls may lead to increased scrutiny of the operations of the Company by Health Canada or other regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Additional Financing

There is no guarantee that the Company will be able to achieve its business objectives. The continued development of the Company may require additional financing. The failure to raise such capital could result in the delay or indefinite postponement of current business objectives or the Company going out of business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company. If additional funds are raised through issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of Common Shares. In addition, from time to time, the Company may enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed wholly or partially with debt, which may temporarily increase the Company's debt levels above industry standards. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions. The Company may require additional financing to fund its operations to the point where it is generating consistent positive cash flows. Continued negative cash flow may restrict the Company's ability to pursue its business objectives.

Conflicts of Interest

Certain of the directors and officers of the Company may also serve as directors and officers of other companies and consequently the possibility of conflict exists. Any decisions made by such directors or officers involving the Company will be made in accordance with the duties and obligations of directors and officers to deal fairly and in good faith with the Company and such other companies. In addition, such directors declare their interest and refrain from voting on any matters in which such directors may have a conflict of interest.

Dilution

The Company may issue additional equity securities to finance its activities, including acquisitions. If the Company were to issue common shares, existing holders of such shares may experience dilution in the Company. Moreover, when the Company's intention to issue additional equity securities becomes publicly known, the Company's share price may be materially adversely affected.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The information provided in this report is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the audited financial statements.

CAUTIONARY FORWARD LOOKING STATEMENTS

Statements contained in this MD&A that are not historical facts are forward-looking statements (within the meaning of the Canadian securities legislation that involve risks and uncertainties. Forward-looking statements are frequently, but not always, identified by words such as "expects", "anticipates", "believes", "intends", "estimates", "potential", "possible" or variations of such words and phrases or the negative connotation thereof, or statements that events, conditions or results "will", "may", "could" or "should" occur or be achieved. The forward-looking statements may include statements regarding future financial conditions, results of operations, plans, objectives, performance or business developments, capital expenditures, timelines, strategic plans, market or industry growth, evaluation of the potential impact of future accounting changes, share-based payments and carrying value of intangible assets or other statements that are not statements of fact. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company may differ materially from those reflected in forward-looking statements due to a variety of risks, uncertainties and other factors. Risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by the forward-looking statements include, without limitation,

- the Company's lack of operating revenues;
- the ability to obtain additional financing and uncertainty as to the availability and terms of future financing;
- the Company's business strategies, objectives and plans to pursue the commercialization of its products;
- expectations for expansion plans for the Facility and its costs;

- expectations of successful receipt of the License from Health Canada to produce and sell medical cannabis at such facility;
- the suitability of the Facility;
- expectations regarding production costs, capacity and yields of the Company and growth thereof;
- the Company's intentions to develop its business and operations;
- expectations regarding the timing for the legalization of recreational marijuana use in Canada;
- the Company's anticipated cash needs, needs for additional financing and use of funds;
- statements relating to the business and future activities of, and developments related to the Company;
- risks related to the Company's dependence on key personnel;
- estimates used in the Company's financial statements proving to be incorrect; and
- other risks and uncertainties disclosed in other information released by the Company from time to time and filed with the appropriate regulatory agencies.

It is the Company's policies that all forward-looking statements are based on the Company's beliefs and assumptions which are based on information available at the time these assumptions are made. The forward-looking statements contained herein are based on information available as at July 2, 2019 and are subject to change after this date. Forward-looking statements are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such forward-looking statements.

Consequently, all forward-looking statements made in this MD&A are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects on the Company.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date of this MD&A and, other than as required by applicable securities laws, the Company assumes no obligation to update or revise them to reflect new events or circumstances.

CHANGE IN MANAGEMENT

On September 10, 2018, the Company appointed Brian Peery to the Company's board of directors. The Company also announced that Anthony Jackson has resigned from the board and as chief financial officer of the Company.

On February 28, 2019, the Company appointed David Cross as Chief Financial Officer.

On May 29, 2019, the Company appointed Frey Garabagi as Chief Scientific Officer.

On June 27, 2019, the Company appointed Dr. Bin Huang as Chief Executive Officer. The Company also announced that Marc Geen has resigned from the board and as CEO of the Company.

On June 27, 2019, the Company appointed Pat Geen as Chief Financial Officer and to the board of directors. The Company also announced that Dave Cross has resigned as CFO of the Company.

On June 27, 2019, Brian Peery, Alexander Kaulins, and Jeremy Ross resigned from Company's board of directors and officers' options.

On June 27, 2019, Mervyn Geen resigned as board of director and chairman of the board.

BOARD OF ADVISORS

On August 9, 2018, the Company appointed Dr. Matthew Brolich, PhD, to its board of advisers.

On December 6, 2018, the Company appointed John Karroll to its board of advisors.

On June 27, 2019, the Company appointed Marc Geen to its board of advisors.

On June 27, 2019, the Company appointed Brian Perry to its board of advisors.

On June 27, 2019, the Company appointed Alexander Kaulins to its board of advisors.

On June 27, 2019, the Company appointed Jeremy Ross to its board of advisors.

OUTSTANDING SHARES, OPTIONS AND WARRANTS

Common Shares

The authorized capital of the issuer consists of an unlimited number of common shares without par value of which 86,906,748 are outstanding as of July 2, 2019. Holders of the issuer's common shares are entitled to vote at all meetings of shareholders declared by the directors, and subject to the rights of holders of any shares ranking in priority to or on a parity with the common shares, to participate ratably in any distribution of property or assets upon the liquidation, winding up or dissolution of the Issuer.

Stock Options

The following table sets out the details of the stock options granted and outstanding as at July 2, 2019:

Expiry date	Exercise price ($)	Number of options outstanding
March 26, 2023	0.95	900,000
July 23, 2023	0.70	1,300,000
July 23, 2023	0.95	925,000
October 23, 2023	0.70	200,000
February 28, 2024	0.90	200,000
March 12, 2024	0.80	925,000
March 15, 2024	0.90	100,000

May 29, 2024	0.86	100,000
June 27, 2024	0.67	1,738,333
		6,388,333

Warrants

The following table sets out the details of the warrants issued and outstanding as at July 2, 2019:

Expiry date	Exercise price ($)	Number of warrants outstanding
July 10, 2019	1.00	4,285,714
September 27, 2020	1.00	2,170,550
March 8, 2021	1.00	8,250,000
March 8, 2021	0.50	245,000
April 24, 2021	1.00	9,778,463
April 24, 2021	0.65	14,500
April 25, 2021	1.00	1,745,385
April 25, 2021	0.65	86,500
	0.99	**26,541,827**

OTHER

On April 24, 2019, BZAM Holdings Inc. acquired ownership of 6,153,847 Common Shares and 6,153,847 Warrants composing the Units in the April Private Placement at a price of $0.65 per Unit for a total purchase price of $4,000,000.55.

On March 8, 2019, BZAM Holdings Inc. acquired ownership of 9,700,000 Common Shares and 4,850,000 Warrants composing the Units in the March Private Placement at a price of $0.50 per Unit for a total purchase price of $4,850,000.

Additional information relating to the Company's operations and activities can be found by visiting the Company's website at www.speakeasygrowers.com and www.sedar.com.