VALENS GROWORKS CORP.

MANAGEMENT'S DISCUSSION & ANALYSIS

For the Year Ended November 30, 2018

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Valens GroWorks Corp. ("VGW" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended November 30, 2018. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 - Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited annual consolidated financial statements of the Company for the years ended November 30, 2018 and 2017, together with the notes thereto. The results for the year ended November 30, 2018 are not necessarily indicative of the results that may be expected for any future period.

All financial information contained in this MD&A is current as of March 13, 2019 unless otherwise stated.

All financial information in this MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS") and all dollar amounts are expressed in Canadian dollars, unless otherwise specified.

Additional information regarding the Company is available on SEDAR at www.sedar.com, and the Company's website www.valensgroworks.ca. The date of this MD&A is March 13, 2019.

FORWARD-LOOKING INFORMATION

Inherent in forward-looking statements involve known and unknown risks, and factors may include, but are not limited to: unavailability of financing, changes in government regulation, general economic condition, general business conditions, limited time being devoted to business by directors, escalating professional fees, escalating transaction costs, competition, fluctuation in foreign exchange rates, competition, stock market volatility, unanticipated operating events and liabilities inherent in industry. Readers are cautioned that the foregoing list of important factors and assumptions is not exhaustive. Forward-looking statements are not guarantees of future performance. Events or circumstances could cause the Company's actual results to differ materially from those estimated or projected and expressed in, or implied by, these forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of factors, whether as a result of new information or future events or otherwise, except as may be required under applicable laws.

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, the following assumptions: that there is no material deterioration in general business and economic conditions; that there is no unanticipated fluctuation of interest rates and foreign exchange rates; that the supply and demand for, deliveries of, and the level and volatility of commodity prices develop as expected; that the Company receives regulatory and governmental approvals as are necessary on a timely basis; that the Company is able to obtain financing as necessary on reasonable terms; that there is no unforeseen deterioration in the Company's activity costs; that the Company is able to procure equipment and supplies, as necessary, in sufficient quantities and on a timely basis; that costs of closure of various operations are accurately estimated; that there are no unanticipated changes to market competition; that no environmental and other proceedings or disputes arise; and that the Company maintains its ongoing relations with its employees, consultants and advisors.

Readers are cautioned that the foregoing list of important factors and assumptions is not exhaustive. Forward-looking statements are not guarantees of future performance. Events or circumstances could cause the Company's actual results to differ materially from those estimated or projected and expressed in, or implied by, these forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of factors, whether as a result of new information or future events or otherwise, except as may be required under applicable laws.

The forward-looking statements contained herein are based on information available as of March 13, 2019.

COMPANY OVERVIEW

The Company was incorporated under the laws of British Columbia on January 14, 1981. The Company's common shares trade under the trading symbol "VGW" on the Canadian Securities Exchange ("CSE") and under the trading symbol "VGWCF" on the OTC Markets. The Company continues to build out its business to business extraction processing capabilities in addition to plans to capture a broad spectrum of medical cannabis users and adult recreational users through the development of innovative white label and branded products. The Company also provides analytical testing services to third party licensed producers in the cannabis space.

The Company operates through its three wholly-owned subsidiaries, Valens Agritech Ltd ("VAL"), Supra THC Services Inc. ("Supra"), Valens Labs ("Labs") and Valens Farms Ltd. ("Farms"), all based in the Okanagan Valley of British Columbia, Canada.

VAL was incorporated under the Business Corporations Act of the Province of British Columbia on April 14, 2014. On November 2, 2016, the Company completed the acquisition (the "Acquisition") of VAL pursuant to a share exchange agreement dated October 31, 2016 (the "Agreement"). During the year ended November 30, 2018 VAL was granted its Licensed Producer ("LP") license to cultivate and produce oil under the Access to Cannabis for Medical Purposes Regulations and subsequently a standard processing and standard cultivation license under the Cannabis Act. VAL also holds an analytical testing license from Health Canada.

Supra was incorporated under the Business Corporations Act of the Province of British Columbia on December 10, 2015. Supra holds a Health Canada Dealer's License which allows Supra to process and produce extract from cannabis and related active ingredient for scientific purposes and provide sector-leading analytical and proprietary testing services. Supra, in collaboration with Thermo Fisher Scientific (Mississauga) Inc., is developing a "Centre of Excellence in Plant Based Medicine Analytics" at the Company's 25,000 square foot facility located on two acres in Kelowna, B.C. On October 23, 2018, the Company entered into an agreement with Rotogro International Limited ("Rotogro") to acquire the shares of Supra.

Labs was incorporated under the Business Corporations Act of the Province of British Columbia on October 18, 2018. Labs was incorporated to transfer the assets and operations of Supra upon the closing of the Rotogro transaction.

Farms was incorporated under the Business Corporations Act of the Province of British Columbia on July 19, 2018 to hold the Company's interest in its joint venture project with Kosha Projects Inc.

CORPORATE HIGHLIGHTS

Licenses

On October 15, 2018, VAL was granted their Licensed Producer license to cultivate and produce oil under the Access to Cannabis for Medical Purposes Regulations and subsequently a standard processing and standard cultivation license under the Cannabis Act.

Extraction Partnerships

The Company continues to focus on the development of the business to business partnerships for custom extraction processing of cannabis and hemp materials. Agreements have been executed with the following partners to provide our proprietary extraction expertise: March 11, 2019 – The Green Organic Dutchman Holdings Ltd., February 26, 2019 – Tilray Canada Ltd., January 29, 2019 – Organigram Inc., January 21, 2019 – Sundial Growers Inc, December 13, 2018 – Canopy Growth Corporation, November 14, 2018 – Harvest One and November 5, 2018 – GTEC Holdings. The Company continues to be engaged in active discussions with additional partners to provide extraction services, product development and white label services.

RotoGro Share Purchase Agreement

On October 23, 2018 the Company signed a share purchase agreement (the "Agreement") with Australian-based RotoGro to sell one of the Company's wholly owned subsidiaries, Supra, which currently holds the Company's second Dealers License, for total consideration of $11,000,000. The purchase price will be paid at four milestones and will be comprised of $2,000,000 in cash and 18,900,000 shares of RotoGro, with a current estimated value of $9,000,000. The first non-refundable installment is comprised of $200,000 in cash (received) and 2,250,000 ordinary shares in Rotogro (received subsequent to year end) which is valued at $888,800 and recorded as a reduction in the carrying value of the license during the year ended November 30, 2018. The second installment of $200,000 in cash and 16,650,000 ordinary shares in Rotogro, of which 14,400,000 ordinary shares in Rotogro are to be held in escrow and the remaining 2,250,000 shares in Rotogro are freely trading, is due on closing the transaction which is anticipated to be in March 2019, the third installment of $600,000 in cash and 5,400,000 ordinary shares in Rotogro to be released from escrow is due on the earlier of twenty one days from Rotogro's receipt of a processing license or December 31, 2019, and the final installment of $1,000,000 and 9,000,000 ordinary shares in Rotogro to be released from escrow is due on the earlier of twenty one days from Rotogro's receipt of a cultivation license or December 31, 2020.

The intangible asset associated with Supra's Health Canada Dealer's License, is presented as an asset held for sale at November 30, 2018. Prior to closing the transaction, the Company will transfer all assets currently held in Supra, excluding the Dealer's License, to the newly created subsidiary Valens Labs Ltd.

Tarukino Manufacturing and Sales License Agreement

On September 21, 2018, the Company signed a manufacturing and sales license agreement with Tarukino Holdings Inc. ("Tarukino"). Under the agreement, Tarukino granted Valens the exclusive Canadian rights to the production and distribution of its proprietary emulsion technology that transforms cannabis oil and oil-based terpenes into water-soluble forms for use in beverages, edibles, topicals and other consumer products. The agreement also provides Valens with the exclusive rights to produce, sell and distribute, in Canada, when and where permitted, Tarukino branded products including Happy Apple™, a cannabis-infused sparkling cider, and Pearl20™, a cannabis infused food and beverage mixer. In exchange for these exclusive Canadian rights, the Company issued 4,300,000 shares of the Company on signing the agreement valued at $9,288,000, 1,000,000 warrants valued at $1,958,226 that vest based on certain future milestones and a decreasing royalty on revenue related to the associated products and technologies over the term of the agreement. The warrants are exercisable at prices ranging from $3.50 to $4.00 per share for a five-year term from the date of issuance. The Company accrued a fee to a consultant on signing the Tarukino agreement of 1,650,000 common shares of the Company valued at $3,019,500.

Medigrowth Australia

On September 7, 2018 the Company signed a letter of intent with Medigrowth Australia Pty Ltd. ("Medigrowth") for the Company to supply premium cannabis flower and oil product offerings to Medigrowth for sale and distribution in the Australian market, for the Company to supply premium cannabis flower and oil product offerings to Medigrowth for research and development initiatives and for the Company to provide cultivation, extraction and lab service expertise to Medigrowth to support research and development partnerships with Australian universities, governments and other institutions.

Eticann Colombia

On August 29, 2018 the Company signed a letter of intent with Colombian based licensed producer Eticann S.A.S. Zomac ("Eticann") for the Company to purchase cannabis materials from Eticann, the exclusive right for the Company to provide extraction services for Eticann's premium cannabis oil product offering, and the provision of extraction expertise to Eticann for toll processing in Colombia and surrounding markets. The letter of intent also provides the Company the option to purchase 50% of the issued and outstanding shares of Eticann.

Kosha – Valens Farms

On June 20, 2018 the Company entered into a joint venture agreement with Kosha Projects Inc. ("Kosha") for the construction of a purpose built $75 million, 400,000 square foot commercial cannabis production facility. The joint venture will see Kosha contribute land and all facility development and construction costs and related expertise. The Company will provide design, outfitting and budgetary guidance, consulting and advisory services. The Company will operate the facility to produce premium cannabis grown specifically for extraction. Upon initial construction and development cost recovery by Kosha, the Company is entitled to a 51% interest in Kosha and each of Kosha and the Company will earn 50% of revenues from operations.

Lab Accreditation

On June 14, 2018 the Company announced that its wholly owned subsidiary, Supra, has obtained ISO 17025 accreditation for cannabis testing. Supra is the first Dealer's License using cannabis as it's matrix in Canada to achieve this accreditation providing a significant strategic advantage to the Company.

Board of Directors Appointments and Resignations

On February 23, 2018 the Company announced the resignation of Mr. Tim Tombe, Mr. John Binder and Mr. Rob van Santen from the board of directors. At the same time the Company announced the appointment of Mr. John Cullen to the board of directors of the Company.

On September 5, 2018 the Company announced the resignation of Mr. John Cullen from the board of directors and Dr. Rob O'Brien from the board of directors and from his position at Chief Science Officer. At the same time the Company announced the appointment of Mr. Chris Irwin, Mr. Nitin Kaushal, Mr. Ashley McGrath and Mr. Chris Buysen to the board of directors of the Company.

Executive Appointments

As the Company continues to focus on numerous growth opportunities in the market, over the past year, and subsequent to year end, the Company continued to strengthen its management team with the addition of three key members:

- Mr. Chris Buysen, MPAcc, CPA, CA – Chief Financial Officer. Mr. Buysen brings over 15 years of diverse financial experience working as a senior financial executive in a wide range of industries including retail, pharmacy and consumer packaged goods.

- Everett Knight, CFA – Executive Vice President, Strategy & Investments. Mr. Knight has analyzed hundreds of cannabis companies and toured countless facilities globally as a leading fund manager focused on the cannabis industry.

- Ms. Chantel Popoff – Vice President Valens Agritech. Ms. Popoff has over 15 years of hands on senior management and regulatory experience in the retail pharmacy, health food and consumer packaged goods space.

Equity Transactions Year ended November 30, 2018

On January 9, 2018, the Company closed the second and final tranche of a non-brokered private placement and issued 1,287,300 units at a price of $1.00 per unit for proceeds of $1,287,300. Each unit consisted of one common share of the Company and one-half of a common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of $1.50 until December 27, 2018, subject to acceleration conditions.

On February 9, 2018, the Company closed a two-tranche non-brokered private placement and issued a total of 8,847,050 shares at a price of $1.40 per share for proceeds of $12,385,870. In connection with the financing, the Company paid a finder's fee equal to 8% of the proceeds raised from subscribers introduced by certain finders of which a portion was settled through the issuance of 70,565 common shares valued at $98,791.

On September 21, 2018 the Company signed a manufacturing and sales license agreement with Tarukino and issued 4,300,000 shares of the Company on signing the agreement valued at $9,288,000.

On October 10, 2018, the Company announced the closing of the $25,000,000 bought deal financing, pursuant to which the Company issued 12,820,513 units at a price of $1.95 per unit which is comprised of one common share of the Company, valued at $20,512,821, and one-half share purchase warrant valued at $4,487,179. Each full share purchase warrant is exercisable at a price of $2.54 per share for a period of twenty-four months from the date of closing, subject to acceleration conditions. In addition, the Company issued 1,130,977 common shares of the Company for gross proceeds of $2,065,051 and 961,538 share purchase warrants for gross proceeds of $238,750 as partial exercise of the underwriters' over-allotment option, with each full warrant exercisable for $2.54 until October 10, 2020, subject to acceleration conditions. In connection with the financing, the

Company paid a cash commission equal to 6% of the gross proceeds raised and issued 860,852 warrants valued at $893,946. Each full warrant entitles the holder to purchase one unit at a price of $1.95 per unit for a period of twenty-four months from the date of closing, subject to acceleration conditions. Each unit is comprised of one common share and one-half share purchase warrant, with each full warrant exercisable at a price of $2.54 per share until October 10, 2020, subject to certain acceleration conditions. The fair value of the warrants was determined using the Black Scholes model utilizing the following assumptions: discount rate of 2.29%, volatility of 150%, expected life of 2 years and exercise prices of $1.95.

During the year ended November 30, 2018, the Company also issued:

- 735,405 common shares in connection with the exercise of warrants for gross proceeds of $920,875. The warrants ranged in price from $1.15 to $1.50;

- 2,086,538 common shares in connection with the exercise of options for gross proceeds of $1,925,000. The options had exercise prices ranging from $0.65 to $1.00. As a result of the exercise of options, the fair value of the options amounting to $1,830,989 was reclassified from reserves to share capital; and

- 468,000 common shares in connection with consulting services rendered during the year ended November 30, 2018 valued at $621,900.

SELECTED FINANCIAL INFORMATION

The following table sets out selected annual financial information for the last three financial years. The financial data has been prepared in accordance with IFRS.

	2018 **$**	**2017** **$**	**2016** **$**
Operating expenses	13,786,962	5,271,982	8,474,173
Loss and comprehensive loss	(15,911,771)	(4,383,453)	(8,332,638)
Basic loss per common share	(0.22)	(0.08)	(0.16)
Diluted loss per common share	(0.22)	(0.08)	(0.16)
Working capital (deficiency)	31,258,405	(826,544)	(3,802,846)
Total assets	53,674,281	8,897,497	2,747,234
Total liabilities	961,493	1,688,825	3,887,158
Deficit	(29,520,632)	(13,608,861)	(9,225,408)

For the year ended November 30, 2018, the Company reported a loss of $15,911,771 ($0.22 per share), compared to $4,383,453 ($0.08 per share) for the comparable period in 2017. The increase in the net loss is a result of increased operational costs as the Company builds up resources to commence operation in the first quarter of 2019, additional share-based payment expense, and the write off of a promissory note to MKHS.

SUMMARY OF RESULTS

Summary of results for the three and twelve months ended November 30, 2018:

	For the three months ended		**For the twelve months ended**	
	November 30, 2018 **$**	**November 30, 2017** **$**	**November 30, 2018** **$**	**November 30, 2017** **$**
Advertising and promotion	619,663	20,434	1,114,487	65,865
Depreciation	347,859	41,013	1,009,698	105,288
Interest	1,770	58,066	26,968	242,649
Management and consulting fees	618,415	696,920	2,718,586	1,225,036
Professional fees	100,380	122,793	436,640	165,513
Share-based payments	2,336,081	118,164	5,455,788	2,399,609
Salaries and wages	545,469	163,369	1,363,936	464,281
Loss on promissory note receivable	2,214,002	-	2,214,002	-

Advertising and promotion

Advertising and promotion expenses increased to $619,663 in the fourth quarter, compared to $20,434 in the same period in fiscal 2017. The increase is a result of the Company's increased activity building brand awareness and increasing the Company's business to business presence in the cannabis space.

For the twelve months ended November 30, 2018, advertising and promotion expense increased to $1,114,487 compared to $65,865 for the same period in fiscal 2017. The increase is consistent with the explanation stated above.

Depreciation

Depreciation expense increased to $347,859 in the fourth quarter, compared to $41,013 in the same period in fiscal 2017. The increase is a result of commencing depreciation on leasehold improvements as the work was completed and the production facility in Kelowna, BC was in operation, in addition the Company acquired additional extraction and post processing equipment to ramp up processing capacity. The Company stopped depreciating the intangible asset associated with the Supra license, as the asset was considered by management to be held for sale in the fourth quarter of 2018.

For the twelve months ended November 30, 2018, depreciation expense increased to $1,009,698, compared to $105,288 in the same period in fiscal 2017. The increase is consistent with the explanation stated above.

Interest

Interest expense decreased to $1,770 in the fourth quarter, compared to $58,066 in the same period in fiscal 2017. The decrease is a result of the repayment of the remaining promissory note balance of $860,507 in the first quarter of 2018.

For the twelve months ended November 30, 2018, interest expense decreased to $26,968, compared to $242,649 in the same period in fiscal 2017. The decrease is consistent with the explanation stated above, in addition there were convertible notes outstanding in fiscal 2017 which were fully repaid by the end of fiscal 2017.

Management and consulting fees

Management and consulting fees decreased to $618,415 in the fourth quarter, compared to $696,920 in the same period in fiscal 2017. The decrease was the result of a one-time payment made to a cannabis consulting firm in the fourth quarter of 2017.

For the twelve months ended November 30, 2018, management and consulting fees increased to $2,718,586, compared to $1,225,036 in the same period in fiscal 2017. The increase reflects the general expanding scale of operations and required resources to support that growth in all areas of the business.

Professional fees

Professional fees decreased to $100,380 in the fourth quarter, compared to $122,793 in the same period if fiscal 2017. The decrease is a result of additional accounting and audit fees accrued for the year ended 2017.

For the twelve months ended November 30, 2018, professional fees increased to $436,640, compared to $165,513 in the same period in fiscal 2017. The increase is a result of contract drafting and negotiations with extraction partners and an overall increased level of activity within the Company.

Share-based payments

Share-based payments increased to $2,336,081 in the fourth quarter, compared to $118,164 in the same period in fiscal 2017. The increase is a result of a $1,037,929 expense associated with the company wide employee stock option grant in October of 2018 to reward and align employees with the continued focus on generating shareholder value in the Company. Additionally, there was an expense of $1,298,152 related to the grant of shares to certain directors, officers, employees and consultants of the Company.

For the twelve months ended November 30, 2018, share-based payments increased to $8,475,288, compared to $2,399,609 in the same period if fiscal 2017. The increase is consistent with the explanation above.

Salaries and wages

Salaries and wages increased to $545,469 in the fourth quarter, compared to $163,369 in the same period in fiscal 2017. The increase reflects the general expanding scale of operations and required resources to support that growth in all areas of the business.

For the twelve months ended November 30, 2018, salaries and wages increased to $1,363,936, compared to $464,281 for the same period in fiscal 2017. The increase is consistent with the explanation above.

Loss on promissory note receivable

The Buildout of the MKHS Ventures project has continued to experience significant delays. In the fourth quarter of 2018, the Company estimated the loan to be fully impaired and wrote off the balance outstanding at November 30, 2018 totalling $2,214,002.

QUARTERLY RESULTS

The following table presents certain unaudited financial information for each of the eight quarters up to and including the quarter ended November 30, 2018. The information has been derived from our unaudited quarterly consolidated financial statements. Past performance is not a guarantee of future performance, and this information is not necessarily indicative of results for any future period.

	Three Months Ended			
	November 30, 2018 $	**August 31, 2018 $**	**May 31, 2018 $**	**February 28, 2018 $**
Revenue	14,210	14,575	22,741	-
Loss and comprehensive loss	(7,387,546)	(2,305,550)	(2,441,229)	(3,777,446)
Basic and diluted loss per share	(0.10)	(0.03)	(0.03)	(0.06)

	Three Months Ended			
	November 30, 2017 $	**August 31, 2017 $**	**May 31, 2017 $**	**February 28, 2017 $**
Revenue	17,320	15,615	7,789	-
Loss and comprehensive loss	(798,973)	(1,032,270)	(1,674,201)	(878,009)
Basic and diluted loss per share	(0.01)	(0.02)	(0.03)	(0.02)

FINANCIAL POSITION

The following table provides a summary of our financial position as at November 30, 2018 and November 30, 2017.

	November 30, 2018 $	**November 30, 2017 $**
Total assets	53,674,281	8,897,497
Total liabilities	961,493	1,688,825
Share capital	65,048,638	17,934,729
Deficit	(29,520,632)	(13,608,861)

Total assets

Total assets increased to $53,674,281 as at November 30, 2018 from $8,897,497 as at November 30, 2017, primarily due to the closing of private placement equity raises and a bought deal financing, capital asset additions related to leasehold improvements at the Carion Road production facility in Kelowna, BC, additional extraction and post processing equipment and intangible assets associated with the manufacturing and sales licensing agreement with Tarukino. Gross proceeds raised through the private placement financings were $13,673,170, through the bought deal financing were $27,303,801, through the exercise of stock options were $1,925,000 and through the exercise of warrants were $920,875. As at November 30, 2018, the Company had a cash balance of $1,726,530 and short-term investments of $23,505,750.

Total liabilities

Total liabilities decreased to $961,493 as at November 30, 2018 from $1,688,825 as at November 30, 2017, primarily due to the repayment of promissory notes payable of $860,507.

Share capital

Share capital increased to $65,048,638 as at November 30, 2018 from $17,934,729 as at November 30, 2017, primarily due to the closing of private placements on January 9, 2018 and February 9, 2018, the bought deal financing on October 10, 2018 and the exercise of stock options and warrants. In addition, the Company issued 4,300,000 common shares valued at $9,288,000 under the terms of the manufacturing and sales license agreement with Tarukino.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

The Company's continuation as a going concern is dependent upon successful results from its acquisition efforts and its ability to attain profitable operations and generate funds therefrom and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to finance operating costs over the next twelve months with current cash and short-term investments on hand, proceeds from the exercise of warrants and stock options, and potentially raising additional capital. There is no assurance that the Company will be successful in raising additional capital on commercially reasonable terms or at all. See "Risks and Uncertainties".

As at November 30, 2018 the Company had $1,726,530 of cash, $23,505,750 of short-term investments, $1,750,609 of receivables, $1,007,192 in a promissory note receivable and $961,493 of accounts payable and accrued liabilities. As of November 30, 2017, the Company had $291,623 of cash, $126,454 of receivables, $828,318 of accounts payable and accrued liabilities and $860,507 of promissory notes payable.

	November 30, 2018 $	November 30, 2017 $
Operating activities	(8,705,576)	(2,153,626)
Financing activities	40,123,353	3,237,725
Investing activities	(29,982,870)	(807,319)

Operating activities

Net cash used in operating activities for the twelve months ended November 30, 2018 was $8,705,576 as a result of a loss for the year of $15,911,771, a decrease in non-cash working capital of $2,110,585, partially offset by non-cash expenses related to share based payments of $5,455,788, depreciation of $1,009,698 and loss on the MKHS promissory note receivable of $2,214,002. During the twelve months ended November 30, 2017, net cash used in operating activities was $2,153,626 as a result of a loss for the year of $4,383,453 offset by an increase in non-cash working capital of $121,655 and non-cash expenses related to share-based payments of $2,399,609.

Financing activities

Net cash received from financing activities for the year ended November 30, 2018 was $40,123,353 as a result of net cash received from private placements of $12,763,305, bought deal financing of $25,383,715, exercise of stock options of $1,925,000 and warrants of $920,875. With respect to the funds raised from the private placements, consistent with the Company's stated objectives, approximately $2,725,000 in capital was deployed to expand and upgrade the production facility in Kelowna, BC, approximately $2,160,000 was used for the acquisition of extraction and post processing equipment and approximately $320,000 for other facility equipment in addition to funds used for general corporate purposes. Of the funds raised through the bought deal financing that closed in October 2018, approximately $425,000 was used to acquire extraction and post processing equipment before November 30, 2018. Subsequent to the end of the year the company acquired an additional $1,995,000 in extraction equipment and have deposits in place for an additional $450,000. In addition, the Company still anticipated closing on the acquisition of the Kelowna production facility in early Q2 2019.

Investing activities

During the year ended November 30, 2018, the Company used $29,982,870 for investing activities, primarily due to the acquisition of short-term investments of $23,505,750, acquisition of equipment and leasehold improvements of $5,677,120 and issuance of a promissory note receivable to Tarukino of $1,000,000.

Capital resources

The Company manages its capital structure and adjusts it based on the funds available to the Company in order to maintain operations. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as shareholders' equity.

The Company has historically relied on the equity markets to fund its activities. Management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company currently is not subject to externally imposed capital requirements other than corporate assets securing a lease commitment. There were no changes to the Company's approach to capital management. As at November 30, 2018, total current assets less current liabilities totalled $31,258,405.

OUTSTANDING SHARES, OPTION, AND WARRANTS

The Company is authorized to issue an unlimited number of common and preferred shares. The table below outlines the number of issued and outstanding common shares, warrants and options.

	March 13, 2019	November 30, 2018	November 30, 2017
Common shares	93,960,157	93,213,657	61,467,309
Warrants	9,232,647	9,760,297	3,111,753
Options	6,482,129	6,607,129	4,451,667

OFF-BALANCE SHEET AGREEMENTS

The Company has not engaged in any off-balance sheet arrangements such as obligations under guarantee contracts, a retained or contingent interest in assets transferred to an unconsolidated entity, any obligation under derivative instruments or any obligation under a material variable interest in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to the Company or engages in leasing or hedging services with the Company.

COMMITMENTS

Lease commitment

On September 1, 2018, the Company entered into a lease agreement with a company owned by a director of the Company. The term of the lease is three years with the option to renew for an additional three-year term. If the Company decides not to continue with the lease, they will forfeit all leasehold improvements made up to the termination date.

Lease Year	Per Month	Per Annum
1	$20,981	$ 251,772
2-3	$21,611	$ 259,326

Based on the lease payments the remaining commitments are:

Short term (December 1, 2018 - November 30, 2019)	$ 253,661
Long term (December 1, 2019 - August 31, 2021)	$ 453,821
	$ 707,482

Obligation to issue shares

The Company has entered into agreement with directors, officers, employees and consultants, during the year and subsequent to year end to issue the following shares:

	Number of shares to be issued							Total Value $	Amount Recognized $
	2018	2019	2020	2021	2022	2023	Total		
Directors	-	180,000	-	-	-	-	180,000	261,000	130,092
Officers and employees	150,000	1,150,000	1,200,000	650,000	600,000	450,000	4,200,000	6,990,000	884,060
Consultants	1,850,000	525,000	-	-	-	-	2,375,000	4,340,750	3,400,470
Total	2,000,000	1,855,000	1,200,000	650,000	600,000	450,000	6,755,000	11,591,750	4,414,622

Upon termination of the services, the entitlement to the shares may be forfeited. Any share-based payments previously recognized related to the remaining unvested tranches will be reversed against profit and loss.

FINANCIAL RISK MANAGEMENT

The Company is exposed to varying degrees to a variety of financial related risks. The Board approves and monitors the risk management processes, inclusive of counterparty limits, controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Interest risk

The Company's exposure to interest risk only relates to its investment of surplus cash. The Company may invest surplus cash in highly liquid investments with short terms to maturity and would accumulate interest at prevailing rates for such investments. At November 30, 2018, the Company had short term investments of $23,505,750. At November 30, 2018, a 1% decrease in interest rates would result in a reduction in interest income by $235,058 compared to a 1% increase in interest rates which would have an equal and opposite effect.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash, short-term investments, receivables and promissory note receivable. The Company's cash and short-term investments are held through large Canadian financial institutions. The Company's receivables are comprised of GST ITC's, interest on short-term investments and shares receivable from Rotogro. The promissory note receivable from Tarukino is secured by a share pledge agreement, under which 2,150,000 shares of the Company issuable to Tarukino under the manufacturing and sales license agreement will be held in escrow. The carrying amount of cash, short-term investments, receivables and promissory note receivable represent the maximum exposure to credit risk, and as at November 30, 2018, this amounted to $27,990,081.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to pay financial instrument liabilities as they come due. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. As at November 30, 2018, the Company has $25,232,280 of cash and short-term investments. The Company is obligated to pay accounts payable and accrued liabilities with a carrying amount of $961,493.

Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash and accounts payable and accrued liabilities that are denominated in US dollars. As at November 30, 2018, a 10% appreciation of the Canadian dollar relative to the US dollar would have decreased net financial assets by approximately $3,914 (2017 - $189,050). A 10% depreciation of the Canadian dollar relative to the US dollar would have had the equal but opposite effect.

Price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of raw materials, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

CRITICAL ACCOUNTING ASSUMPTIONS

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i) The inputs used in calculating the fair value for share-based compensation expense included in profit or loss.

ii) The valuation of shares and other equity instruments issued in non-cash transactions. Generally, the valuation of non-cash transactions is based on the value of the goods or services received. When non-cash transactions are entered into with employees and those providing similar services, the non-cash transactions are measured at the fair value of the consideration given up using market prices.

iii) Amortization of equipment, leaseholds and intangible assets are dependent upon the estimated useful lives, which are determined through the exercise of judgement. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

UPCOMING CHANGES IN ACCOUNTING POLICIES

The following are new and revised IFRS standards in issue, but not yet effective.

IFRS 9 – Financial Instruments ("IFRS 9")

In July 2014, the IASB issued the final version of IFRS 9 which replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on an entity's business model and the contractual cash flow of the financial asset. Classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument.

IFRS 9 amends some of the requirements of IFRS 7 Financial Instruments: Disclosures, including added disclosures about investments in equity instruments measured at fair value in other comprehensive income, and guidance on financial liabilities and derecognition of financial instruments. The amended standard is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted.

IFRS 15 – Revenue from Contracts with Customers ("IFRS 15")

In May 2014, IASB issued IFRS 15 to replace IAS 18 – Revenue, which establishes a new single five-step control-based revenue recognition model for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

The Company has initially assessed that there will be no material reporting changes as a result of adopting IFRS 9 and 15; however, enhanced disclosure requirements are expected.

IFRS 16 – Leases

IFRS 16 was issued by the IASB in January 2016 and specifies the requirements to recognize, measure, present and disclose leases. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted, but only in conjunction with IFRS 15.

The Company has not yet completed the process of assessing the impact of IFRS 16 will have on its consolidated financial statements.

RELATED PARTY TRANSACTIONS

Goods and Services

The Company entered into certain transactions with related parties during the year ended November 30, 2018 as follows:

		Year ended		**As at**	
		Nov 30, 2018 $	**Nov 30, 2017 $**	**Nov 30, 2018 $**	**Nov 30, 2017 $**
Name and Relationship to Company	**Transaction**	**Balance Payable (Receivable)**		**Balance Payable (Receivable)**	
1022006 BC Ltd, a company controlled by Dave Gervais and Tim Tombe former directors of the Company	Rent (1)	189,173	247,708	-	-
Phi Beta Capital Advisors Ltd., a company controlled by the spouse of Robert Van Santen former Chief Executive Officer, Chief Financial Officer and director of the Company	Rent (2)	8,400	33,600	-	-
Northok Properties Inc, a company controlled by Ashley McGrath, a director of the Company	Rent (1)	62,945	-	-	-
Supra Research and Development Inc, a company controlled by Rob O'Brien, the former Chief Scientific Officer Valens Agritech and director of the Company	Equipment(3)	293,331	-	-	-

(1) Rent for the Company's facility at 230 Carion Road, Kelowna, BC is measured at the exchange amount, which is the amount of consideration agreed by the related parties. The current lease agreement is in place until August 31, 2021. In the fourth quarter of 2018, the building was sold and the lease transferred to Northok Properties Inc., a company controlled by Ashley McGrath, a director of the Company.

(2) Rent for office space for the Company in Vancouver, BC and is measured at the exchange amount, which is the amount of consideration agreed by the related parties.

(3) The Company purchased lab instrumentation equipment for the operations of Supra THC Services Inc. measured at the exchange amount, which is the amount of consideration established and agreed by the related parties.

Key Management Compensation

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Company has defined key management personnel to include the CEO, CFO, CSO, President, Vice Presidents and directors of the Company.

The remuneration paid or accrued for the Company's key management personnel and directors are as follows:

	Year ended	
	Nov 30, 2018	**Nov 30, 2017**
	$	**$**
Management and consulting fees		
Tyler Robson, Chief Executive Officer and director of the Company	630,000	213,500
Agilis Capital Corporation, a company controlled by Robert van Santen – former Chief Financial Officer, Chief Executive Officer and director of the Company	145,000	195,000
Supra Research and Development Inc, a company controlled by Rob O'Brien – former Chief Scientific Officer Valens Agritech and director of the Company	117,200	147,620
Advanced Nutri-Tech Systems Inc, a company controlled by Saul Katz a former President and director of the Company	187,790	86,000
1123278 BC Ltd, a company controlled by Dave Gervais a former director of the Company.	85,231	50,400
Mark Doucet, a former President and director of the Company	-	76,190
Advantage Microbial Solutions, a company controlled by Tim Tombe a former director of the Company	-	7,000
Total	**1,165,221**	**775,710**
Wages and salaries		
Chris Buysen, Chief Financial Officer of the Company	95,333	-
Chantel Popoff, Vice President of the Company	93,832	-
Ashley McGrath, director of the Company	14,341	-
Nitin Kaushal, director of the Company	14,341	-
Chris Irwin, director of the Company	14,341	-
Rob O'Brien, former Chief Scientific Officer Valens Agritech and director of the Company	12,500	155,000
Tyler Robson, Chief Executive Officer and director of the Company	-	50,625
Dave Gervais, former director of the Company	-	59,017
Tim Tombe, former director of the Company	-	47,506
Total	**244,688**	**312,148**
Share-based payments(1)		
Tyler Robson, Chief Executive Officer and director of the Company	785,743	239,577
Chris Buysen, Chief Financial Officer of the Company	367,058	-
Chantel Popoff, Vice President of the Company	342,879	-
Ashley McGrath, director of the Company	43,364	-
Nitin Kaushal, director of the Company	43,364	-
Chris Irwin, director of the Company	43,364	-
Robert van Santen, former Chief Financial Officer, Chief Executive Officer and director of the Company	-	239,577
Dave Gervais, former director of the Company	-	239,577
Tim Tombe, former director of the Company	-	167,704
John Binder, former director of the Company	-	47,915
Saul Katz, former President and director of the Company	759,248	1,194,116
Total	**2,385,020**	**2,128,466**

(1) Share-based payments are the fair value of options granted and vested to key management personnel and directors of the Company under the Company's stock option plan and the grant of common shares of the Company under employment and consulting agreements.

Related Party Balances

In addition to the related party balances payable (receivable) for goods and services above, the following related party amounts were included in (a) accounts payable and accrued liabilities and (b) receivables:

	As at	
	Nov 30, 2018 **$**	**Nov 30, 2017** **$**
Accounts Payable and Accrued Liabilities:		
(a) Officers, former directors, and companies controlled by former directors [(1)]	9,086	409,296
Receivables:		
(b) Former director of the Company[(2)]	319,029	22,500

(1) The amounts payable to related parties have no specific terms of repayment, are unsecured and do not bear interest.
(2) The amounts receivable from related parties have no specific terms of repayment, are unsecured and do not bear interest. The amount was received subsequent to year end.

Promissory Notes

On October 30, 2016, the Company entered into promissory note agreements (the "Notes") with the following related parties.

		Year ended		As at	
	Principal Balance	**Nov 30, 2018 $**	**Nov 30, 2017 $**	**Nov 30, 2018 $**	**Nov 30, 2017 $**
Name and Relationship to Company	**of Notes**	**Interest expense on Notes**		**Balance Payable**	
0768390 BC Ltd., a company controlled by Tim Tombe, a former director of the Company.	658,050	4,218	42,639	-	100,844
1009368 BC Ltd., a company controlled by Noreen Spanell a shareholder of the Company.	960,095	-	44,197	-	-
1022006 BC Ltd. A company controlled by Dave Gervais, a former director of the Company and Tim Tombe a former director of the Company	194,483	4,790	19,681	-	214,215
Dave Gervais, a former director of the Company	790,260	6,838	76,022	-	465,598
Tim Tombe, a former director of the Company	72,485	1,189	11,460	-	79,850
Total	**2,675,373**	**17,035**	**193,999**	**-**	**860,507**

Under the agreements, a total of $2,675,373 in outstanding payables were converted into Notes. Interest accrues on the outstanding balance of the Notes at a rate of 9% and compounds semi-annually. The Notes are due on demand after October 31, 2017.

The Company settled $2,008,865 of the Notes through the issuance of 2,197,327 common shares through the private placements on January 11, 2017 and August 14, 2017. During year ended November 30, 2018 the remaining balance of the notes and accrued interest was settled with a cash payment to the note holders.

RISKS FACTORS

Many factors could cause our actual results, performance and achievements to differ materially from those expressed or implied by the forward-looking statements and forward-looking information, including without limitation, the following factors, which are discussed in greater detail under the heading "Risk Factors" in our draft Listing Statement dated May 5, 2016 filed with the CSE and available on www.thecse.com, which risk factors are incorporated by reference into this document, and should be reviewed in detail by all readers:

- One of the Company's investments, a promissory note receivable from MKV Ventures 1 LLC, a 100% owned subsidiary of MKHS LLC, a fully licensed Arizona based cannabis cultivation, extraction and medical dispensary business. While MKHS LLC operations are believed to be compliant with all applicable U.S. state and local laws, the Company has not obtained a legal opinion on this matter and cannabis does remain illegal under federal law in the U.S;

- The Company’s exposure to U.S. cannabis activities is restricted to the promissory note receivable from MKV Ventures 1 LLC on the Company’s balances sheet and associated interest at 15% on the outstanding promissory note balance, accretion and foreign exchange on the Company’s statement of consolidated loss;

- Due to the classification of cannabis as a Schedule I controlled substance under the Controlled Substances Act in the U.S., the Company’s investment may be seized, and the operations shut down;

- There is uncertainty regarding existing protection from federal prosecution;

- There is also uncertainty surrounding the Trump Administration and Attorney General Jeff Sessions and their influence and policies in opposition to the cannabis industry as a whole;

- The Company may not be able to obtain all necessary Arizona licenses and permits or complete construction of its facilities in a timely manner, which could delay or prevent the Company from being able to collect on its promissory note receivable;

- Regulatory scrutiny of the Company’s industry may negatively impact its ability to raise additional capital;

- Our ability to grow, store and sell cannabis in Canada is dependent upon licenses from Health Canada which are subject to ongoing compliance and reporting requirements;

- The Company may have difficulty accessing the service of banks and processing credit card payments in the future, which may make it difficult for the Company to operate;

- The activities of the Company are subject to regulation by governmental authorities, particularly Health Canada;

- The Company’s operations are subject to various laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of cannabis but also including laws and regulations relating to health and safety, the conduct of operations and the protection of the environment;

- Third parties the Company does business with may perceive that they are exposed to reputational risk as a result of the Company’s cannabis business activities;
- The operation of the Company can be impacted by adverse changes or developments affecting the facilities of the Company’s wholly-owned subsidiaries;

- The Company’s ability to recruit and retain management, skilled labour and suppliers is crucial to the Company’s success;

- The Company’s growth strategy contemplates outfitting its facilities with additional production resources. A variety of factors could cause these activities to not be achieved on time, on budget, or at all. As a result, there is a risk that the Company may not have product or sufficient product available to meet the anticipated demand or to meet future demand when it arises;

- The Company and its wholly-owned subsidiaries have limited operating histories;

- The Company has a history of net losses, may incur significant net losses in the future and may not achieve or maintain profitability;

- Even if its financial resources are sufficient to fund its current operations, 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 and 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;

- There is potential that the Company will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and manufacturing and marketing experience than the Company;

- The Company believes the cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the cannabis produced. Consumer perception of the Company’s products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the cannabis market or any particular product, or consistent with earlier publicity;

- The Company and its wholly-owned subsidiaries face an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury;

- The products of the Company’s wholly-owned subsidiaries could be subject to the recall or return of their products for a variety of reasons. If a product recall or return should happen, the Company could be required to incur unexpected expenses and divert management attention and could see harm caused to its image and product sales decline. In addition, as result of the product recall or return, the Company and its wholly-owned subsidiaries could face increased operational scrutiny by Health Canada or other regulatory agencies, requiring further management attention and potential legal fees and other expenses;

- Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the business, financial condition and operating results of the Company;

- The Company is largely reliant on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the cannabis industry in Canada. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Company;

- The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls;

- The Company may engage in acquisitions or other strategic transactions or make investments that could result in significant changes or management disruption;

- The Company could fail to integrate acquired companies into the business of the Company;

- Completed acquisitions, strategic transaction or investments could fail to increase shareholder value;

- The Company may become party to litigation, mediation and/or arbitration from time to time in the ordinary course of business which could adversely affect its business;

- There can be no assurance that an active and liquid market for the common shares will be maintained and an investor may find it difficult to resell any securities of the Company;

- The Company does not anticipate paying any dividends on the common shares in the foreseeable future. Dividends paid by the Company would be subject to tax and, potentially, withholdings;

- The Company’s operations are subject to environmental and safety laws and regulations concerning, among other things, emissions and discharges to water, air and land; the handling and disposal of hazardous and non-hazardous materials and wastes, and employee health and safety; and

- In recent years, securities markets have experienced extremes in price and volume volatility. The market price of securities of many early stage companies, among others, have experienced fluctuations in price which may not necessarily be related to the operating performance, underlying asset values or prospects of such companies. It may be anticipated that any market for the Company’s shares will be subject to market trends generally and the value of the Company’s shares on a stock exchange may be affected by such volatility.

- Unfavorable economic conditions may negatively impact the Company’s financial viability as a result of increased financing costs and limited access to capital markets.

- The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company.

- The Company's directors and officers may serve as directors and officers or may be associated with other reporting companies or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the transaction. If a conflict of interest arises, the Company will follow the provisions of the Business Corporations Act, British Columbia ("Corporations Act") in dealing with conflicts of interest. These provisions state, where a director/officer has such a conflict, that the director/officer must at a meeting of the board, disclose his interest and refrain from voting on the matter unless otherwise permitted by the Corporations Act. In accordance with the laws of the Province of British Columbia, the directors and officers of the Company are required to act honestly, in good faith and in the best interests of the Company.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Dividends

The Company has no earnings or dividend record and is unlikely to pay any dividends in the foreseeable future as it intends to employ available funds for growth opportunities in the cannabis sector. Any future determination to pay dividends will be at the discretion of the board of directors and will depend on the Company's financial condition, results of operations, capital requirements and such other factors as the board of directors deem relevant.

Management's Responsibility for Financial Statements

The information provided in this report, including the financial statements, 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 accompanying financial statements.

In contrast to the certificate required under National Instrument 52-109 Certificate of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109, in particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

(i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Company's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Nature of the Securities

The purchase of the Company's securities involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks. The Company's securities should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in the Company's securities should not constitute a major portion of an investor's portfolio.

Proposed Transactions

There are currently no significant proposed transactions except as otherwise disclosed in this MD&A. Confidentiality agreements and non-binding agreements may be entered into from time to time, with independent entities to allow for discussions of the potential acquisition and/or development of certain properties.

Approval

The Board of Directors oversees management's responsibility for financial reporting and internal control systems through an Audit Committee. This Committee meets periodically with management and annually with the independent auditors to review the scope and results of the annual audit and to review the financial statements and related financial reporting and internal control matters before the financial statements are approved by the Board of Directors and submitted to the shareholders of the Company. The Board of Directors of the Company has approved the financial statements and the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

Additional Information

Additional information related to the Company is available for view on SEDAR at www.sedar.com.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCING REPORTING

In connection with National Instrument ("NI") 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings) adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis. The Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

DIRECTORS AND OFFICERS

Tyler Robson – Chief Executive Officer, Director
Chris Buysen – Chief Financial Officer, Director
Chris Irwin – Director
Nitin Kaushal – Director
Ashley McGrath - Director

OTHER REQUIREMENTS

Additional disclosure of the Company's, material change reports, news releases and other information can be obtained on SEDAR at www.sedar.com.

On Behalf of the Board,

VALENS GROWORKS CORP.

"Tyler Robson"	*"Nitin Kaushal"*
Tyler Robson	Nitin Kaushal