BELEAVE INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")
OF THE CONSOLIDATED OPERATIONS AND FINANCIAL POSITION

FOR THE YEAR ENDED MARCH 31, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS ("MD&A)

The following is a discussion and analysis of the financial condition and results of operations of Beleave Inc. ("**Beleave**" or the "**Company**") and its wholly owned subsidiary Beleave Kannabis Corp. ("**BKC**"), and 9334416 Canada Inc., o/a Medi-Green, Karmacann, and My-Grow ("**Medi-Green**"), Seven Oaks Inc. ("**Seven Oaks**"), 1161141 B.C Ltd., Beleave Kannabis Chilliwack and Beleave Kannabis Abbotsford for the year ended March 31, 2019. This MD&A should be read in conjunction with the Company's consolidated financial statements and accompanying notes for the year ended March 31, 2019 (the "**Financial Statements**"). All amounts in the MD&A are in Canadian dollars, except per share amounts or as indicated otherwise. The Company's accounting policies are in accordance with International Financial Reporting Standards ("IFRS").

The effective date of this MD&A is September 3, 2019.

FORWARD-LOOKING STATEMENTS

This MD&A includes certain forward-looking statements that are based upon current expectations, which involve risks and uncertainties associated with our business and the environment in which the business operates. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements, including those identified by the expressions "anticipate", "believe", "plan", "estimate", "expect", "intend" and similar expressions to the extent they relate to the Company or its management. The forward-looking statements are not historical facts but reflect management's current expectations regarding future results or events. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including, but not limited to, risks and uncertainties related to:

- the performance of the Company's business and operations;
- the intention to grow the business and operations of the Company;
- expected growth in the number of users of medical cannabis in Canada;
- expected growth in the number of users of cannabis in Canada;
- the number of grams of cannabis to be used by each user;
- future liquidity and financial capacity;
- the availability of financing opportunities, risks associated with economic conditions, dependence on management and conflicts of interest;
- treatment under government regulatory and taxation regimes and potential changes thereto in light of recent court decisions; and
- other risks described in this MD&A and described from time to time in documents filed by the Company with Canadian securities regulatory authorities.

The forward-looking statements contained herein are based on certain key expectations and assumptions, including:

- the ability of the Company to generate cash flow from operations and obtain necessary financing on acceptable terms;
- the Company's expectations regarding legislation, regulations and licensing related to the cultivation, production and sale of cannabis products;
- general economic, financial market, regulatory and political conditions in which the Company operates;
- consumer interest in the Company's products;
- the timely receipt of any required regulatory approvals, including approvals from Health Canada;
- competition;
- the ability of the Company to obtain qualified staff, equipment and services in a timely and cost-efficient manner; and
- the ability of the Company to conduct operations in a safe, efficient and effective manner.

With respect to the forward-looking statements contained herein, although the Company believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements, because no assurance can be given that they will prove to be correct. Consequently, all forward-looking statements made in this MD&A and other documents of the Company are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will be realized or, even if realized, that they will have the expected consequences to or effects on the Company. The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that the Company and/or persons acting on the Company's behalf may issue. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required under securities legislation.

OVERVIEW

BELEAVE'S BUSINESS

Beleave is a Canadian cannabis company with its common shares ("**Common Shares**") publicly traded on the Canadian Securities Exchange ("**CSE**") under the symbol "BE" and posted for trading on the OTCQX under the symbol "BLEVF".

BKC, Beleave's wholly-owned subsidiary, has been licensed to produce cannabis since May 18, 2017, when it was issued a cultivate license (the "**Cultivation License**") by Health Canada for its purpose-built facility located in Hamilton, Ontario (the "**Hamilton Facility**"). In June 2017 Beleave started cultivation activities at its Hamilton Facility and received its sales license from Health Canada (the "**Sales License**") in April 2018 paving the way to sell to medical cannabis users in Canada. Most recently in January 2019, Beleave was authorized by Health Canada to sell cannabis oil products positioning it as one of approximately 26 license holders authorized to sell cannabis oil in Canada at the time of this MD&A. With the coming into force of the Cannabis Act (Canada) (the "**Cannabis Act**") on October 17, 2018, the licenses were migrated on November 8, 2018. BKC's license classes are now standard cultivation, standard processing and medical sales (collectively, the "**License**"). BKC will continue to be the license holder and producer of cannabis from Beleave’s operation in Hamilton.

Beleave’s Hamilton Facility has achieved a number of important milestones that demonstrate a commitment to high production standards, including the December 17, 2018 announcement that Global Compliance, Inc. has inspected and assessed the Company's processes for the production of cannabis and determined that the Company's Hamilton facility meets all requirements for certification. Beleave is seeking GMP certification to facilitate the exportation of medical cannabis to its German partner, Canymed GmbH, and expects to be audited by the German GMP certification authority in mid to late 2019. Additionally, Beleave announced on January 31, 2019 that its wholly-owned subsidiary, BKC, obtained ISO 9001:2015 certification for the research, development, and production of cannabis products for medicinal and recreational purposes. ISO 9001 is a quality management system standard developed by the International Organization for Standardization, an association of governmental and nongovernmental organizations from many countries. ISO 9001:2015 is the most up-to-date standard. Common benefits of being certified reported by the ISO include improved efficiency, cost savings, and a higher level of customer service.

Beleave’s science and innovation efforts resulted in the November 2018 announcement that the Company developed a water-soluble cannabis-infused powder and sugar products to prepare for the adult recreational cannabis-infused food and beverage market. Beleave's Hamilton laboratory is being used for methods to formulate cannabis extracts into soluble, flavourless powders, sugar crystals, and syrups for use in beverages and food products using stability-enhancing techniques for prolonged shelf-life. Product development and optimization protocols will be done alongside long-term Beleave collaborator, Dr. Michael Rogers, Associate Professor in the Department of Food Sciences at the University of Guelph.

Beleave acquired 250,000 square feet of greenhouse space and 85 acres of land in London, Ontario, in September 2018, to cultivate and process cannabis for distribution and sale in Canada and internationally where permitted. In August 2019, the Company entered into a Letter of Intent, with a private purchaser, to sell the facility and may lease back 50% of the property for cannabis production. Beleave originally purchased the greenhouse space and land for $6,700,000 using a combination of cash ($1,172,500 in cash), Common Shares ($1,172,000 in shares) and mortgage financing ($4,355,500 in financing) at 6% annual interest.

In addition, Beleave is currently expanding its production capacity at its Hamilton Facility and has announced a partnership with Kannavis Biotech Corp. to invest, build and operate indoor growing space in Chilliwack and Abbotsford British Columbia; permits have not yet been received and there is potential to terminate the expansion into British Colombia. Applications for all expansions have been submitted to Health Canada and the Company announced it secured genetics acquisition agreements for a broad range of cannabis seed varieties from diverse lineage for an expected total of 90 new varieties introduced in the coming year. The list includes well-known classic Sativa and Indica varieties with applications for both medical and adult recreational markets, as well as several novel strains that have been bred to offer distinct custom flavors and aromas.

In 2018, Beleave made strategic acquisitions and partnerships to expand and strengthen its business, including the May acquisition of all the outstanding shares of **Medi-Green**, a leading network of medical cannabis clinics with four locations across Ontario and Quebec. Beleave also acquired the outstanding shares of Seven Oaks in July 2018 to secure supply agreements with government wholesalers in several key provinces across Canada paving the way for Beleave to become one of the first suppliers of recreational cannabis in the Province of Ontario, BC and Manitoba. In June, Beleave expanded into South America by entering in an agreement to acquire, and has paid for, a 51% share in Procannmed S.A.S. ("**Procannmed**"), as per the Purchase Agreement, an entity that is fully licensed for the cultivation and extraction of psychoactive and non-psychoactive cannabis, the ownership certificate is being contested by our partners in the joint venture. On November 12, 2018, the Company purchased the shares of 1161141 B.C. Ltd. said to include the full retail version of all intellectual property associated with a computer program and website to support its e-commerce platform for retail in Saskatchewan for $5,000,000 payable by issue of 31,818,178 Common Shares. Subsequently, certain principals of the vendors were named as respondents in the British Columbia Securities Commission ("**BCSC**") Matter and the Company is re-evaluating the purchase. Beleave entered into a strategic partnership agreement with Canymed in Germany on October 29, 2018 to potentially supply the German market with medical cannabis and securing entry to the European cannabis market; the agreement will only be triggered upon the Company successfully obtaining GMP certification. Beleave terminated its strategic partnership with the Rollins Group in February 2019, upon its failure to obtain licensing for retail stores in Ontario.

On November 26, 2018 Beleave was named as a respondent in notice of hearing and temporary order ("**Temporary Order**") issued by the Executive Director of the **BCSC** in connection with an investigation relating to, among other things, the use of consultant exemptions from prospectus requirements ("BCSC Matter"). The Temporary Order prohibited CSE-listed companies from using the exemption in relation to the other respondents named in the order and remained in place pending a reserved decision by a panel of commissioners of the BCSC at a hearing on December 7, 2019. On January 17, 2019, Beleave provided an update in connection with its participation and cooperation regarding the ongoing investigation by the BCSC. On January 15, 2019, the BCSC issued a decision approving an extension of the Temporary Order in the case of certain of the respondents in the BCSC Matter. As a result of the decision, Beleave is no longer subject to the Temporary Order. The BCSC's investigation is ongoing and Beleave will continue to cooperate with staff of the BCSC. In June 2019, the Company announced that it has entered into a settlement agreement with Staff of the BCSC in connection with certain of the Company's historical disclosures, resolving the BCSC's review of Beleave's involvement in the BCSC's investigation relating to, among other things, the use of the consultant exemption from prospectus requirements (the "BCSC Matter"). Under the terms of the settlement, the BCSC will not seek any orders against the Company, including financial orders. Full details of the settlement, including the settlement agreement, will be available on the BCSC website: www.bcsc.bc.ca.

Since December 2018, Beleave has taken a number of significant steps to enhance governance and increase independence of its Board. In February 2019, Beleave announced a refresh of its Board of Directors. There are now three independent directors (James Wasserstrom, Andrew Steane and Amy Nederlander) and three insiders (Bill Panagiotakopoulos, Dr. Roger Ferreira and Kevin Keagan), with an independent Director, Mr. Wasserstrom, being selected as the Chairman. In addition, Mr. Panagiotakopoulos was selected as the Chief Executive Officer, and Mr. Keagan was named the interim Chief Financial Officer. At this time, Andrew Wnek, Bojan Krasic, Mark Miles, and Mark Heselton resigned as directors, as well as from their respective roles as Chief Executive Officer and Chief Financial Officer roles. Mr. Keagan joined Beleave on October 24, 2018 as the Chief Communications Officer. Mr. Keagan brings his extensive experience, with over 25 years in capital markets, working within the financial services industry to provide oversight to the operation, expansion, and direction of Beleave's communications and capital markets initiatives.

On August 30, 2019, Auxly Cannabis Group Inc. (“Auxly”) filed a statement of claim in the Ontario courts against the Company and its wholly owned operating subsidiary, Beleave Kannabis Corp., alleging certain breaches of the note purchase agreement dated October 5, 2017 pursuant to which the Company received $5 million in funding from Auxly. The Company disputes Auxly’s allegations, both on their purported merits and on procedural grounds, and intends to vigorously defend itself in any proceedings.

Summary of Cash Flows

	Twelve months ended	
	March 31, 2019	March 31, 2018
Cash flows provided by (used in) operating activities	$ (9,469,604)	$ (5,879,815)
Cash flows provided by financing activities	$ 6,965,197	$ 17,504,493
Cash flows provided by (used in) investing activities	$ (8,959,380)	$ (1,681,582)
Cash, End of Period	**$ 538,238**	**$** 12,002,025

SUMMARY OF RESULTS FOR THE YEAR ENDED MARCH 31, 2019

The twelve-month year ending March 31, 2019 was an exciting year for Beleave as the major focus was on labelling, packaging, transport and delivery of cannabis products for the recreational market in Ontario, BC and Manitoba under the Seven Oaks recreational brand. Beleave’s financial results for the twelve-month year ended to March 31, 2019 were driven by the emergence of the recreational market on October 17, 2018. Revenue has changed from $nil to $2,374,114 net of excise tax for the twelve months ended March 31, 2019, which is predominantly attributed to the recreational market. There was also a significant increase in the change in fair value for notes payable attributed to increased payments to Auxly Cannabis Group Inc. (formerly Cannabis Wheaton Income Corp.) against the non-dilutive debt financing by way of an instrument evidencing a debt obligation repayable in product equivalents (the "D.O.P.E. Note"). Notable securities activities include the November 5, 2018 seven-for-one share split of the Company's issued and outstanding common shares (the "Share Split"). The Company had 62,642,481 issued and outstanding common shares, prior to the Share Split on November 7, 2018, and upon completion of the split, there was approximately 438,497,367 shares issued and outstanding.

The Company is focusing its resources as follows:

1. **Maximization of Oil Sales:** Beleave received its oil sales license on January 11, 2019 and will be seeking to maximize production and sale of these higher margin products, with specific focus on vertical integration with its medical clinics and the development of new products for the legalization of edibles, concentrates and topicals.

2. **Hamilton Expansion:** An ongoing 86,000 square foot greenhouse adjacent to Beleave's current fully operating facility is expected to be completed in 2019, subject to market demand, regulatory and municipal approval, and financing.

3. **Expansion of Medi-Green and My Grow Client Base:** Furthering its medical client acquisition strategy with strategic partnerships, continue open dialogue with healthcare practitioners for patient educational purposes, increased web presence and educational engagement.

The following table sets forth the statement of loss and comprehensive loss for the year ended March 31, 2019:

BELEAVE INC.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

Years Ended March 31,	2019	2018
Revenue		
Gross revenue (Note 19)	$ 2,545,801	$ -
Excise taxes	(171,687)	-
Revenue net of excise taxes	2,374,114	-
Cost of goods sold	2,255,843	-
Gross profit before fair value adjustments	118,271	-
Fair value adjustment on growth of biological assets (Note 7)	1,150,506	-
Fair value adjustment on inventory	(452,315)	-
Gross profit	816,462	-
Expenses		
Marketing and promotion	1,483,717	751,527
Professional services	1,776,073	375,129
Office expenses	499,044	1,008,298
Research and development	11,958	150,848
Share-based compensation (Notes 16(b)(ii)(vi), 18 and 21)	12,595,761	6,344,931
Rent and facilities (Note 21)	443,787	381,777
Salaries and benefits	2,944,502	456,299
Transfer agent and shareholder information	326,487	-
(Gain) on debt settlement (Notes 16(b)(i))	-	(1,182)
Management and consulting fees (Note 21)	1,579,923	934,995
Depreciation and amortization (Notes 9 and 10)	2,897,803	327,045
Change in fair value of note payable and interest expenses (Note 12)	(254,953)	1,727,378
Bad debt expense	-	185,150
Interest expense on mortgage payable	128,073	-
Impairment of intangible assets (Note 10)	5,951,000	-
Impairment of investment in Procannmed (Note 15)	2,400,000	-
Impairment of advance receivable from Procannmed (Note 15)	291,008	-
Impairment of construction in progress (Note 9)	1,527,000	-
Total expenses	34,601,183	12,642,195
Net loss and comprehensive loss for the year	$ (33,784,721)	$ (12,642,195)
Loss per share - basic and diluted (Note 20)	$ (0.08)	$ (0.05)
Weighted average number of shares outstanding - basic and diluted (Note 20)	409,223,251	239,283,128

REVENUES

The Company has reported $2,374,114 of revenue net of excise tax for the twelve-month year ending March 31, 2019. Revenues have also been generated from medical cannabis sales along with Medi-Green and My Grow client referral fees. Management expects revenues to increase as higher margin products are anticipated to be introduced in late 2019 and increased capacity is expected to come online.

OPERATING EXPENSES

The operating expenses incurred were related to production, professional services, general and administrative expenses ("**G&A**"), research and development, maintaining the Company's listing on the CSE, marketing and other similar expenses required for the Company's operations. Total operating expenses for the twelve-month year ending March 31, 2019 was $34,601,183 compared to $12,642,195 for the twelve-month year ending March 31, 2018.

Professional services for the twelve-month year ending March 31, 2019 are related to legal fees, accounting fees, and audit fees. Share based compensation was paid to a number of senior executives and directors and officers largely attributable to the achievement of the Company's License. Consulting fees of $7,500,000 net of recoveries of $870,000 paid to consultants who subscribed for shares under the Consultant Exemption under NI-95-106 were reflected as share and warrant issuance costs to better reflect the substance of the transaction as no material consulting services were performed.

ACCOUNTING POLICY

In Q4 2019, the Company changed its accounting policy with respect to production costs related to biological assets. Prior to this change the Company expensed all costs related to production of biological assets. The Company now capitalizes production costs related to biological assets and expenses these costs to cost of goods sold as the inventory is sold.

The Company capitalizes all direct and indirect costs of biological assets as incurred related to the biological transformation of the biological assets between the point of initial recognition and the point of harvest. Direct and indirect costs include labour and labour related costs, grow consumables, utilities, facilities costs including an allocation of overhead costs related to the production facility, quality and testing costs and production related depreciation. Capitalized costs are subsequently recorded within cost of sales in the consolidated statements of loss in the period that the related product is sold.

Biological assets are measured at fair value less costs to sell up to the point of harvest. Unrealized gains or losses arising from the changes in fair value less cost to sell during the period are separately recorded in the consolidated statement of loss for the related period. Cost to sell includes post-harvest production costs, shipping and fulfilment costs. Shipping and fulfillment charges and any related depreciation are expensed to costs of goods sold in the period in which they are incurred.

NET LOSS AND COMPREHENSIVE LOSS

The net loss and comprehensive loss for the twelve-month year ending March 31, 2019 was ($33,784,721) or ($0.08) per share compared to net losses of 2018 ($12,642,195).

BALANCE SHEET INFORMATION

The table below presents the Company's total assets and total current and non-current financial liabilities as at March 31, 2019 and 2018.

	As at March 31, 2019	March 31, 2018
Total assets:	$ 23,609,159	$ 18,677,670
Total non-current financial liabilities:	$ 2,880,114	$ 2,490,378
Total current financial liabilities:	$ 10,342,172	$ 6,794,322

SELECTED FINANCIAL INFORMATION – SUMMARY OF QUARTERLY RESULTS

The following tables set out selected quarterly information for the last 8 completed fiscal quarters of the Company:

	Q4 2019	**Q3 2019**	**Q2 2019**	**Q1 2019**	**Q4 2018**	**Q3 2018**	**Q2 2018**	**Q1 2018**
Net Sales/ Revenue	1,043,081	806,765	315,617	208,651	Nil	Nil	Nil	Nil
Net (Loss) and Comprehensive (loss) for the period	(9,253,247)	(9,149,380)	(5,075,779)	(10,306,315)	(6,326,987)	(1,854,968)	(1,032,464)	(3,417,365)
Basic and diluted Earnings (Loss) per share	(0.01)	(0.02)	(0.00)	(0.05)	(0.02)	(0.01)	(0.00)	(0.02)

LIQUIDITY

The Company's objectives when managing its liquidity and capital structure are to generate sufficient cash to fund the Company's operating and organic growth requirements. Beleave secured new equity investments, by way of warrant exercises and the issuance of equity during the twelve months ended March 31, 2019 as well as subsequent to March 31, 2019. The table below sets out the cash, short-term debt and working capital at March 31, 2019.

	As at March 31, 2019	As at March 31, 2018
Current Assets	$4,213,298	$14,453,726
Current Liabilities	$10,342,172	$ 6,794,322
Working capital/ (deficiency)	($6,128,874)	$ 7,659,404

As of March 31, 2019, the Company had cash available of $538,238. The Company has incurred losses to date. The Company has begun to generate revenue but will incur losses until revenues reach a level where operations become profitable. The Company's ability to reach profitability is dependent on successful implementation of its business strategy. While management is confident in the success and profitability of the business, there can be no assurance that Beleave will gain adequate market acceptance for its products or be able to generate sufficient gross margins to reach profitability.

Cash from Operations

During the twelve months ended March 31, 2019, the Company used in operating activities $9,469,604.

Cash from Financing Activities

During the twelve months ended March 31, 2019, the Company received $13,524,983 from the issuance of units, with related costs of issue $6,638,571, $1,106,092 from the exercise of outstanding warrants and $167,483 from the exercise of stock options. The Company repaid $300,000 mortgage payable, and $894,790 interest and principal of notes payable.

Cash from Investing Activities

During the twelve months ended March 31, 2019, the Company used $8,959,380 for investing activities.

During the twelve months ended March 31, 2018, the Company used $1,681,582 for investing activities.

CAPITAL RESOURCES

To date and for the foreseeable future, the Company expects to finance its operations through debt financing and the issuance of common shares until the point at which its operations are profitable and self-funding. The Company periodically evaluates the opportunity to raise additional funds through either the public or private placement of equity capital to strengthen its financial position and to provide sufficient cash reserves for growth and development of the business.

Beleave has an unlimited number of common shares authorized for issuance of which 471,133,763 common shares were issued and outstanding as at March 31, 2019. As at August 30, 2019 there were 489,651,296 common shares issued and outstanding

OFF-BALANCE SHEET ARRANGEMENTS AND CONTRACTUAL OBLIGATIONS

The Company has no off-balance sheet arrangements.

OUTLOOK

According to Statistics Canada, nearly 5 million Canadians purchased approximately 760,000 kg of cannabis worth $5.7 billion in 2017, mostly from illegal sources. The federal agency estimates that the average price was $7.50 per gram. Various market studies have estimated the size of the legal Canadian cannabis market at over $10 billion per year. The Company is uniquely positioned to serve that market through holding the forward supply contracts with provinces. The *Cannabis Act* allows all Canadians over the age of 18, subject to additional age limits imposed by provincial governments, to purchase cannabis by mail and in provincially regulated retail spaces. Individuals are also permitted to grow up to four plants in their residence, except in Quebec. The possession limit of dried cannabis has been set at 30 grams. The *Cannabis Act* does not currently provide for the regulation of edible cannabis products, but Health Canada has published draft regulations for the introduction of extracts, concentrates, and topicals by October 2019.

In Ontario, which has a population of 14.4 million, or approximately 40% of the Canadian population, the government has announced that it will offer consumers a variety of cannabis products through the Ontario Cannabis Store ("OCS") online web sales which started in 2018. The province will also allow privately owned retail locations that serve the adult-use market. Beleave announced that it was selected by the OCS for sale of its Seven Oaks brand and has been available for recreational sale since October 17, 2018. The Company has entered into a supply agreement with the OCS and has received and fulfilled several orders.

British Columbia, which has a population of 4.6 million, or approximately 13% of the Canadian population, serves the adult-use cannabis market through a dual private-government approach. The British Columbia Liquor Distribution Branch ("**BCLDB**") will manage the distribution of cannabis and cannabis-based products. The Company holds a supply agreement with the BCLDB. On July 11, 2018 Seven Oaks was selected by the BCLDB to supply cannabis to BC retailers upon legalization. Products include pouches of 1 gram and 3.5 grams of dried cannabis.

Medical Market

Health Canada reports that there are 342,000 patients registered to possess and consume dried cannabis for medicinal purposes in Canada with over 120,000 shipments per month, and 24,753 kg of dried marijuana and 33,463 kg of cannabis oil sold in 2017/2018. In the Regulatory Impact Analysis Statement commissioned in connection with the development of the MMPR, Health Canada's analysis used an upper bound (or ceiling) of 450,000 Canadians who might become participants in Canada's Marijuana Medical Access Program by 2024 as the reference case. According to the Health Canada website, the average size of dosage per prescription for licenses granted to individual users by Health Canada is 2.1 grams of dried marijuana per day.

As purveyors of a commodity product, there is initially little to differentiate our products in terms of unique features or benefits. Beleave will continue to differentiate its brand through research and educational materials through its partnerships with universities and research facilities that will allow the Company to attract new customers to the market. This strategy will position Beleave as the number one trusted brand within the industry when it comes to quality, care, and advocates of safe and carefully monitored consumption of medicinal cannabis.

TRANSACTIONS WITH RELATED PARTIES

The Company transacts with related parties in the normal course of business. These transactions are measured at their exchange amounts. Companies owned and / or controlled by certain directors of the Company provided services or sale of items of property and equipment included in the financial statements as follows:

	Twelve months ended March 31, 2019	Twelve months ended March 31, 2018
Expenses:		
Rent	**$ 111,900**	$ 72,000

Included in prepaid expenses as at March 31, 2019 is $22,644 (2018 - $Nil) paid to a corporation controlled by an officer and director of the Company in connection with the rent agreement noted above.

See Note 16(b)(i)) of the financial statements for shares-for-debt transaction with officers and Note 16(b)(ii)(vi) for bonus shares issued to employees and directors.

See also Note 21 of the financial statements.

As at March 31, 2019, there was $106,000 (2018 - $21,316) outstanding payables to related parties owing to an officer and a former officer of the Company, included in accounts payable and accrued liabilities. This amount is unsecured, non-interest bearing and due on demand.

Key management compensation is comprised of the following:

	Twelve months ended March 31,	Twelve months ended March 31,
	2019	2018
Short term benefits	**$ 1,675,660**	$ 504,655
Share-based compensation (including bonus shares)	**$ 12,346,356**	$ 4,254,659

The Company is party to certain management contracts. These contracts require that additional payments of $5,061,000 be made upon the occurrence of certain events such as change of control. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements. Additional minimum management commitments remaining under agreements are approximately $860,833 due within one year,

RISKS AND UNCERTAINTIES

The risks associated with the financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. The Company does not enter into or trade financial instruments including derivative financial instruments for speculative purposes.

General Business Risk and Liability

Given the nature of Beleave's business it may, from time to time, be subject to claims or complaints from investors or others in the ordinary course of business. The legal risks facing Beleave, its directors, officers, employees or agents in this respect include potential liability for violations of securities law, breach of fiduciary duty or misuse of investors' funds. Some violations of securities laws and breach of fiduciary duty could result in civil liability, fines, sanctions, or the suspension or revocation of Beleave's right to carry on its existing business. Beleave may incur significant costs in connection with such potential liabilities.

Limited Studies on the Effects of Cannabis

There has been limited study on the effects of cannabis and future clinical research studies may lead to conclusions that dispute or conflict with the current understanding and belief regarding the benefits, viability, safety, efficacy, dosing and social acceptance of cannabis. Research in Canada, the United States and internationally regarding the benefits, viability, safety, efficacy and dosing of cannabis or isolated cannabinoids remains in relatively early stages. There have been few clinical trials on the benefits of cannabis or isolated cannabinoids conducted. Future research and clinical trials could reach negative conclusions regarding the benefits, viability, safety, efficacy, dosing or other facts and perceptions related to cannabis, which could adversely affect social acceptance of cannabis and the demand for our products.

Reliance on License

On May 18, 2017, BKC received its License to operate as a Licensed Producer of medical cannabis under the ACMPR, which currently expires on May 18, 2020. On April 13, 2018, BKC received its sales license from Health Canada to sell medical cannabis under the ACMPR and subsequently received its oil sales license in early 2019, expiring on May 18, 2020. Beleave's ability to grow, store and sell cannabis in Canada is dependent on its License. Failure to comply with the requirements of the License or any failure to maintain the License would have a material adverse impact on the business, financial condition and operating results of Beleave.

The License is subject to renewal by Health Canada. Although the Company believes it meets the requirements for renewal of the License, there can be no guarantee that Health Canada will extend or renew the License or, if extended or renewed, the License will be extended or renewed on the same or similar terms. Should Health Canada not extend or renew the License or should it renew the License on different terms, the business, financial condition and results of the operation of Beleave would be materially adversely affected.

Regulatory Risks

Beleave operates in an industry which is highly regulated and is in a market which is very competitive and evolving rapidly. Sometimes new risks emerge and management may not be able to predict all of them, or be able to predict how they may cause actual results to be different from those contained in any forward-looking statements. Beleave's ability to grow, store and sell cannabis in Canada is dependent on the need to maintain the License in good standing. Failure to comply with the requirements of the License or any failure to maintain this License would have a material adverse impact on the business, financial condition and operating results of Beleave.

Beleave 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 of our operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to Beleave's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition 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 Beleave'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 Beleave's earnings and could make future capital investments or Beleave's operations uneconomic. 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.

Beleave's business as a Licensed Producer represents a new industry and new market. In addition to being subject to general business risks and to risks inherent in the nature of an early stage business, a business involving an agricultural product and a regulated consumer product, Beleave will need to continue to build brand awareness in the industry and market through significant investments in its strategy, its production capacity, quality assurance and compliance with regulations. These activities may not promote the Beleave brand and products as effectively as intended. This new market and industry into which management is entering will have competitive conditions, consumer tastes, patient requirements and unique circumstances and spending patterns that differ from existing markets.

Holding Company Status

Beleave is a holding company and essentially all of its operating assets are the capital stock of its subsidiaries. Beleave conducts substantially all of its business through its subsidiaries, which generate substantially all of its revenues, and its investors are therefore subject to the risks attributable to its subsidiaries. Beleave's cash flow and its ability to complete current or desirable future enhancement opportunities are dependent on the earnings of its subsidiaries and the distribution of those earnings to Beleave. The ability of Beleave's subsidiaries to pay dividends and other distributions will depend on each subsidiary's operating results, applicable laws and regulations regarding the payment of dividends and distributions, and any contractual restrictions on distributions in debt instruments, among other things. In the event of a bankruptcy, liquidation or reorganization of any of Beleave's subsidiaries, debtholders and trade creditors will generally be entitled to the payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to Beleave.

Limited Operating History

Beleave entered the medical cannabis business in 2015. Beleave is therefore 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 Beleave 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.

Expansion of Facilities

Expansion of the Facility is subject to Health Canada regulatory approvals, market demand and available funding. 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 Beleave not meeting anticipated or future demand when it arises.

Expansion of Hamilton Facility

Health Canada has issued a request for more information ("**RMI**") pursuant to a license amendment application submitted for the Hamilton Facility to build an 80,000 square feet hybrid greenhouse extension to the existing building. This expansion would include the addition of the three main greenhouse grow rooms. Health Canada requested Beleave confirm that our physical security measures comply with Part 4 of the Cannabis Regulations and that our Good Production Practices comply with Part 5 of the Cannabis Regulations. These confirmations require camera still-shots, photographs and security device specifications, etc. Upon confirmation of these elements, Beleave expects that Health Canada will approve our amendment application to add these proposed grow rooms to the list of Beleave's current license. Beleave is ready to move forward with the long-awaited expansion of its Hamilton facility after receiving approval of a building permit from the City of Hamilton. While management does not anticipate significant issues receiving any necessary additional approvals that may be required in the future, the Company may be required to obtain additional formal approvals from the municipality on the proposed zoning restrictions as a result of changes to bylaws, codes or other municipal zoning restrictions. Further delay or denial of such approvals may have a material adverse impact on the business and may result in Beleave not meeting anticipated or future demand when it arises.

Additional Expansions in Ontario and British Columbia

The management team had decided to expand its operational footprint by acquiring an 85-acre property in London, Ontario, which houses an existing 250,000 square foot greenhouse and has applied for a license to grow and sell cannabis. Subsequent to March 31, 2019 the Company entered into an LOI for the sale of the London, Ontario cultivation facility. Beleave may lease back 50 percent of the property after the sale is finalized to continue with additional cannabis production.

Furthermore, Beleave has entered into a joint venture with Kannavis Biotech Inc., to build indoor cultivation facilities in British Columbia. Two of the buildings are anticipated to be operational in 2020. Kannavis will pay for the construction of an operational facility, while sharing in operating costs and revenues with Beleave on a 50/50 basis. As at year ended March 31st the Company has put this project on hold to concentrate on the Hamilton expansion and will re visit in the coming months. Permits have not yet been received and there is potential to terminate the expansion.

Reliance of Management

The success of Beleave is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management. While employment agreements and incentive programs are customarily used as primary methods of retaining the services of key employees, these agreements and incentive programs cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results or financial condition.

History of Net Losses

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

Risks Inherent in an Agriculture Business

Beleave's business involves the growing of medical cannabis, which is an agricultural product. As such, the business is subject to the risks inherent in the agricultural business, such as pests, plant diseases and similar agricultural risks. Although Beleave proposes to grow its products indoors under climate-controlled conditions and carefully monitor the growing conditions with trained personnel, there can be no assurance that natural elements will not have a material adverse effect on the volume, quality and consistency of its products.

Vulnerability to Rising Energy Costs

Beleave's proposed medical cannabis growing operations consume considerable energy, making Beleave vulnerable to rising energy costs. Rising or volatile energy costs may adversely impact the business of Beleave and its ability to operate profitably.

Operating Risk and Insurance Coverage

Beleave has insurance to protect its assets, operations and employees. Such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which Beleave is exposed.

Management of Growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Acquisition Strategy Risks

The Company has made and may continue to pursue acquisition opportunities to advance its strategic plan. The successful integration of an acquired business typically requires the management of the pre-transaction business strategy, including the retention and addition of customers, realization of identified synergies, retention of key staff, and the development of a common corporate culture. Achieving the benefits of acquisitions depends in part on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner, as well as the ability to realize on anticipated growth opportunities and synergies from newly formed partnerships. Any failure to integrate an acquired business or realize the anticipated benefits of new partnerships may have a material adverse effect on the Company's business, financial condition and results of operations, as well as its future prospect for acquisitions or partnerships. There is no assurance that the Company will be able to successfully integrate an acquired business in order to maximize or realize the benefits associated with an acquisition.

Environmental Regulations and Risks

Beleave's operations are subject to environmental regulation. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect Beleave's operations.

Government approvals and permits are currently and may in the future be required in connection with Beleave's operations. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from its proposed production of medical cannabis or from proceeding with the development of its operations as currently proposed.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Beleave may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Conflicts of Interest

The Company may be subject to various potential conflicts of interest because of the fact that some of its officers and directors may be engaged in a range of business activities. In addition, the Company's executive officers and directors may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to the Company. In some cases, the Company's executive officers and directors may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to the Company's business and affairs and that could adversely affect the Company's operations. These business interests could require significant time and attention of the Company's executive officers and directors.

In addition, the Company may become involved in other transactions which conflict with the interests of its directors and the officers who may from time to time deal with persons, firms, institutions or corporations with which the Company may be dealing, or which may be seeking investments similar to those desired by it. The interests of these persons could conflict with those of the Company. In addition, from time to time, these persons may be competing with the Company for available investment opportunities. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws. In particular, in the event such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company.

Litigation

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

A punitive class action has been commenced against the Company and a number of defendants. The class action seeks damages in an unspecified quantum in respect of claims in conspiracy, waiver of tort, vicarious liability, statutory secondary market liability and fraudulent and/or negligent misrepresentation. The likelihood and amount of loss cannot be reasonably estimated at this time.

A plaintiff commenced an action in the Supreme Court of British Columbia. The claims seeks damages in the amount of $2,000,000 for breach of contract, or alternatively, specific performance of the terms of a subscription agreement entered with Beleave. Beleave is in the process of preparing a response to civil claim disputing the allegations in the claim. Likelihood and amount of loss cannot be reasonably estimated at this time.

On August 30, 2019, Auxly Cannabis Group Inc. (Auxly) filed a statement of claim in the Ontario courts against the Company and its wholly owned operating subsidiary, Beleave Kannabis Corp., alleging certain breaches of the note purchase agreement dated October 5, 2017 pursuant to which the Company received $5 million in funding from Auxly. The Company disputes Auxly's allegations, both on their purported merits and on procedural grounds, and intends to vigorously defend itself in any proceedings.

Commitments & Contingencies

Lease commitments

On July 1, 2015 the Company signed a long term lease agreement with a corporation which is owned by the CEO of the Company for a term of 8.5 years and the option to extend the lease for 5 years, twice. For the first 3.5 years, the rent payable is $14,875 monthly until December 2018, with a 5% annual increase to $19,300 per month from January 1, 2019 and each subsequent year. The annual minimum lease payments for years ended March 31 are as follows:

Year	Amount
2020	$ 234,495
2021	246,220
2022	258,531
2023	271,457
2024	211,133

On October 1, 2018, the Company entered into a long term year lease agreement with 1651602 Alberta Ltd., an arm's length corporation, for a potential retail store property. The annual minimum lease payments are as follows:

Year	Amount
2020	$ 66,150
2021	66,150
2022	66,977
2023	70,326
2024	36,465

In July 2018, the Company entered into a long term lease agreement for Beleave's head office in Oakville. The annual minimum lease payments are as follows:

Year	Amount
2020	$ 135,450
2021	139,650
2022	143,850
2023	148,050
2024	113,400

The Company entered into other lease agreements with aggregate minimum lease payments due of $114,600 in 2020 and $25,000 in 2021.

Consideration paid to certain consultants

On April 24, 2018, the Company announced the offering of securities on a private placement basis for gross proceeds of $5,000,000 (the "April Offering") and indicated that the proceeds from the April Offering would be used for general and administrative purposes. On April 26, 2018, the Company announced the closing of the April Offering (see Note 16(b)(iv) of the financial statements), but did not disclose that $3,750,000 of the $5,000,000 in gross proceeds, all of which was raised through the Consultants, were to satisfy the Company's obligations under the consulting agreements. On June 8, 2018, the Company announced another offering of securities on a private placement basis for gross proceeds of $5,000,000 (the "June Offering") and indicated that the proceeds from June Offering would be used for general and administrative purposes. On June 11, 2018, the Company announced the closing of the June Offering (see Note 16(b)(v) of the financial statements), but did not disclose that $3,750,000 of the $5,000,000 in gross proceeds, all of which was raised through the Consultants and were used to satisfy the Company's obligations under the consulting agreements.

The Company has recorded the $7,500,000 in consulting fees paid to the Consultants net of recoveries of $870,000 as share issuance costs for the non-brokered private placements in April and June of 2018 (Notes 16(b)(iv)(v) of the financial statements). Beleave has since cancelled the consulting agreements for non-performance and is taking steps to seek and recover the funds advanced to the Consultants, as well as the shares issued in connection with the Company's previously disclosed acquisition of 1161141 B.C. Ltd. from certain of the Consultants (see Note 16 (b) (iv) of the financial statements).

D.O.P.E. Note Dispute

Auxly has provided the Company with notice that it is in default under the provisions of the D.O.P.E. note agreement dated October 5, 2017. As a result, the entire balance of the note payable of $6,768,084 is due on demand and classified as a current liability and the unwinding of the previously recorded discount has been included in change in fair value of note payable and interest expenses in operations.

On August 30, 2019, Auxly filed a statement of claim in the Ontario courts against the Company and its wholly owned operating subsidiary, Beleave Kannabis Corp., alleging certain breaches of the note purchase agreement dated October 5, 2017 pursuant to which the Company received $5 million in funding from Auxly (see Note 12(a) of the financial statements). Auxly is claiming damages in the amount of $9 million. The Company disputes Auxly's allegations, both on their purported merits and on procedural grounds, and intends to vigorously defend itself in any proceedings.

Management Contracts

The Company is party to certain management contracts. These contracts require that additional payments of $5,061,000 be made upon the occurrence of certain events such as a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements. Additional minimum management commitments remaining under agreements are approximately $860,833 all due within one year.

Environmental

Management believes that there are no probable environmental related liabilities that will have a material adverse effect on the financial position or operating results of the Company.

Unfavourable Publicity or Consumer Perception

The success of the medical and recreational cannabis industries may be significantly influenced by the public's perception of cannabis' medicinal and recreational applications. Medicinal and recreational cannabis is a controversial topic and there is no guarantee that future scientific research, publicity, regulations, medical opinion and public opinion relating to cannabis will be favourable. The medical and recreational cannabis industries are early-stage businesses that are constantly evolving with no guarantee of viability. The markets for medical and recreational cannabis are uncertain and any adverse or negative publicity, scientific research, limiting regulations, medical opinion and public opinion relating to the consumption of medical and recreational cannabis may have a material adverse effect on Beleave's (and Beleave's subsidiaries') operational results, consumer base and financial results.

Dividends

Any decision to declare and pay dividends in the future will be made at the discretion of the Board of Directors and will depend on, among other things, financial results, cash requirements, contractual restrictions and other factors that the Board of Directors may deem relevant. As a result, investors may not receive any return on an investment in the Common Shares unless they sell their shares of the Company for a price greater than that which such investors paid for them.

Limited Market for Securities

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 Beleave.

Volatile Market Price for Common Shares

The market price for the Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control, including but not limited to the following:

- actual or anticipated fluctuations in the Company's quarterly results of operations;
- recommendations by securities research analysts;
- changes in the economic performance or market valuations of companies in the industry in which the Company operates;

- addition or departure of the Company's executive officers and other key personnel;
- release or expiration of transfer restrictions on outstanding Common Shares;
- sales or perceived sales of additional Common Shares;
- operating and financial performance that vary from the expectations of management, securities analysts and investors;
- regulatory changes affecting the Company's industry generally and its business and operations;
- announcements of developments and other material events by the Company or its competitors;
- fluctuations to the costs of vital production materials and services;
- changes in global financial markets and global economies and general market conditions, such as interest rates and pharmaceutical product price volatility;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors;
- operating and share price performance of other companies that investors deem comparable to the Company or from a lack of market comparable companies; and
- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Company's industry or target markets.

Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Such volatility has been particularly evident with regards to the share price of cannabis companies that are publicly traded in Canada. Accordingly, the market price of the Common Shares may decline even if the Company's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted and the trading price of the Common Shares may be materially adversely affected.

Third Party Transportation

In order for customers of Beleave to receive their product, Beleave must rely on third party transportation services. This can cause logistical problems with and delays in patients obtaining their orders and cannot be directly controlled by Beleave. Any delay by third party transportation services may adversely affect Beleave's financial performance.

Moreover, security of the product during transportation to and from Beleave's Facility is critical due to the nature of the product. A breach of security during transport could have material adverse effects on Beleave's business, financials and prospects. Any such breach could impact Beleave's ability to continue operating under its licenses or the prospect of renewing its licenses.

Intellectual Property

The ownership and protection of trademarks, patents, trade secrets and intellectual property rights are significant aspects of the Company's future success. Unauthorized parties may attempt to replicate or otherwise obtain and use the Company's products and technology. Policing the unauthorized use of the Company's current or future trademarks, patents, trade secrets or intellectual property rights could be difficult, expensive, time-consuming and unpredictable, as may be enforcing these rights against unauthorized use by others.

In addition, other parties may claim that the Company's products infringe on their proprietary and perhaps patent protected rights. Such claims, whether or not meritorious, may result in the expenditure of significant financial and managerial resources, legal fees, injunctions, temporary restraining orders and/or require the payment of damages. As well, the Company may need to obtain licenses from third parties who allege that the Company has infringed on their lawful rights. Such licenses, however, may not be available on terms acceptable to the Company or at all. In addition, the Company may not be able to obtain or utilize on terms that are favorable to it, or at all, licenses or other rights with respect to intellectual property that it does not own.

Economy Risk

An economic downturn of capital markets has been shown to make the raising of capital by equity or debt financing more difficult. Beleave will be dependent upon the capital markets to raise additional financing in the future, while it establishes a user base for its products. As such, Beleave is subject to liquidity risks in meeting its development and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact Beleave's ability to raise equity or obtain loans and other credit facilities in the future and on terms favorable to Beleave and its management. If uncertain market conditions persist, Beleave's ability to raise capital could be jeopardized, which could have an adverse impact on Beleave's operations and the trading price of the Common Shares.

Risks Related to Cannabis Industry

Legislative or Regulatory Reform

The Company's operations will be subject to a variety of laws, regulations, guidelines and policies relating to the manufacture, import, export, management, packaging/labeling, advertising, sale, transportation, storage and disposal of medical marijuana but also including laws and regulations relating to drugs, controlled substances, health and safety, the conduct of operations and the protection of the environment. Due to matters beyond the control of the Company, these laws, regulations, guidelines and policies may cause adverse effects to its operations.

Restrictions on Sales Activities

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

Unfavorable Publicity or Consumer Perception

Management of the Company believe 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 products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of the Company's products would involve the risk of injury and loss to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of the Company's 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 Company's products caused injury, illness or loss, 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 its clients and consumers generally, and could have a material adverse effect on the results of operations and financial condition 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 the Company's 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 its 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 significant brands were subject to recall, the image of that brand and the Company could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the Company's products 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 Company's operations by Health Canada or other regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Competition

Beleave faces intense competition from other companies, some of which have longer operating histories and can be expected to have more financial resources, industry, manufacturing and marketing experience than Beleave. Additionally, there is potential that the industry will undergo consolidation, creating larger companies that may have increased geographic scope and other economies of scale. Increased competition by larger, better-financed competitors with geographic or other structural advantages could materially and adversely affect the business, financial condition and results of operations of Beleave.

If the number of users of cannabis 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 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 results of operations of the Company.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, revenue and expenses and the related disclosures of contingent assets and liabilities. Significant estimates in the accompanying financial statements relate to accruals and provisions, biological assets and inventory, estimated useful lives, impairment considerations and amortization of property plant and equipment and intangible assets, share-based compensation, acquisition date asset values, income tax, revenue recognition, contingencies, determination of asset acquisition vs business combination and valuation of D.O.P.E note. Actual results could differ from these estimates.

SUBSEQUENT EVENTS

(i) On April 18, 2019 and July 19,2019, the Company issued the fourth and fifth instalments of 4,044,963 common shares each as part of the consideration for the acquisition of Seven Oaks (See Note 10(i) and 16 (c)) of the financial statements); and

(ii) On May 10, 2019, the Company issued 3,486,842 common shares in settlement of the share issuance commitment for the acquisition of Medi-Green (See Note 14 and 16 (c) of the financial statements); and

(iii) On May 22, 2019, the Company issued 4,515,000 common shares upon exercise of stock options for gross proceeds of $316,050 of the financial statements.

(iv) On May 23, 2019, the Company announced it is ready to move forward with the long-awaited expansion of its Hamilton facility after receiving approval from the Hamilton City Council.

(v) On May 30, 2019, the Company announced that it had fulfilled its first shipment of a new Beleave-branded product line for the recreational market. The purchase order was placed by the Ontario Cannabis Store ("OCS").

(vi) On June 6, 2019, the Company announced that it entered into a settlement with the British Columbia Securities Commission ("BCSC") (see Note 24 of the financial statements). The Company also announced that it entered into a settlement agreement in connection with certain of the Company's historical disclosures, resolving the BCSC's review of Beleave's involvement in the BCSC's investigation relating to, among other things, the use of the Consultant Exemption from prospectus requirements (the "BCSC Matter").

(vii) On June 24, 2019, the Company announced that it has received the required building permit from the City of Hamilton for its Hamilton Phase 2 expansion. Work on Phase 2 is now underway, with construction teams already on site. Construction of the 91,700 sq. ft. Phase 2 expansion project has begun with Beleave retaining the services of Havecon Horticultural Projects. Havecon, a leading developer of horticultural and agricultural construction and development, will manage and complete the work on site. Phase 2 will result in an additional 5,700 sq. ft. of indoor grow space and 55,000 sq. ft. of greenhouse space which would have an expected annual yield of 8,650 kilograms per year.

(viii) On June 27, 2019, the Company announced that it had shipped its first order of recreational cannabis products for retail sale in the province of Saskatchewan.

(ix) On July 11, 2019, the Company announced that it has commenced sales of the Company’s cannabis oils for the Canadian adult use market, with product expected to hit store shelves early next week.

(x) On August 7, 2019, the Company announced that the Company has entered into a non-binding letter of intent (the “LOI”) that contemplates a business combination with TerraFarma Inc. (“TerraFarma”). The precise structure of the transaction, including the exact exchange ratio of Beleave securities for TerraFarma securities has yet to be finalized. The parties have agreed to a thirty-day discussion and analysis period, beginning today, to conduct due diligence and to consult with their professional advisors. The parties look forward to sharing more information and updating the market once the review period has concluded.

(xi) On August 8, 2019, the Company announced that its principal regulator, the Ontario Securities Commission, has accepted the Company's application for, and has granted, a management cease trade order ("MCTO"). As previously announced on July 30, 2019, the application for the MCTO was made by the Company due to a delay in the filing of its audited annual financial statements. The Company confirms that it will file its audited annual financial statements and management's discussion and analysis for the twelve months ended March 31, 2019 in the next three weeks, by August 31, 2019.

(xii) On August 13, 2019, the Company announced that on Friday, August 9, 2019, the Company’s wholly-owned subsidiary Beleave Kannabis Corp was issued a Research License (“License”) under the Cannabis Act and Cannabis Regulations of Canada. All research conducted under this License will be based on research protocols involving the further optimization and validation of methods for formulating cannabinoid compounds for oral ingestion.

(xiii) On August 29, 2019, the Company announced the signing of a letter of intent (the “LOI”) on Tuesday, August 27, 2019, to negotiate, in good faith, with a private purchaser (the “Purchaser”) to sell the Company’s London, Ontario cultivation facility. Beleave may lease back 50 percent of the property after the sale is finalized to continue using the facility for cannabis production. Beleave also announced the sale of its Saskatchewan retail license in Lloydminster, Saskatchewan.

(xiv) On August 30, 2019, Auxly Cannabis Group Inc. (Auxly) filed a statement of claim in the Ontario courts against the Company and its wholly owned operating subsidiary, Beleave Kannabis Corp., alleging certain breaches of the note purchase agreement dated October 5, 2017 pursuant to which the Company received $5 million in funding from Auxly. The Company disputes Auxly's allegations, both on their purported merits and on procedural grounds, and intends to vigorously defend itself in any proceedings.

(xv) Subsequent to March 31, 2019, a plaintiff commenced an action in the Supreme Court of British Columbia. The claims seeks damages in the amount of $2,000,000 for breach of contract, or alternatively, specific performance of the terms of a subscription agreement entered with Beleave. Beleave is in the process of preparing a response to civil claim disputing the allegations in the claim. Likelihood and amount of loss cannot be reasonably estimated at this time.

ADDITIONAL INFORMATION

This MD&A was prepared as of September 3, 2019. The Company regularly discloses additional information by filing press releases and quarterly financial statements on SEDAR (www.sedar.com). More information about the Company can be also found on SEDAR (www.sedar.com).