RUBICON ORGANICS INC.

MANAGEMENT’S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2019

May 28, 2019

INTRODUCTION

This management discussion and analysis ("**MD&A**") of the financial condition and results of operations of Rubicon Organics Inc. ("**Rubicon Organics**", "**ROI**" or the "**Company**") is for the three months ended March 31, 2019. It is supplemental to and should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements including the accompanying notes for the three months ended March 31, 2019 (the "**Interim Financial Statements**") and the audited financial statements for the year ended December 31, 2018. The Company's Interim Financial Statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") applicable to the preparation of interim financial statements including *IAS 34, Interim Financial Reporting*. The Company's Financial Statements are prepared in accordance with IFRS as issued by the IASB. This MD&A has been prepared by reference to the MD&A disclosure requirements established under National Instrument 51-102 "Continuous Disclosure Obligations" of the Canadian Securities Administrators. Additional information regarding the Company is available on our website at www.rubiconorganics.com or through the SEDAR website at www.sedar.com. This discussion covers the three months ended March 31, 2019, and the subsequent period up to the date of May 28, 2019.

Throughout this document the terms we, us, our, Rubicon Organics, ROI and the Company refer to Rubicon Organics Inc. and its subsidiaries during the three months ended March 31, 2019.

All figures in this MD&A are in Canadian Dollars unless otherwise noted. Until July 1, 2018, the Company presented in United States Dollars. Refer to note 2 of the Financial Statements for the year ended December 31, 2018 for further information.

DESCRIPTION OF THE BUSINESS

Rubicon Organics is a British Columbia registered company incorporated on May 15, 2015. The Company was incorporated as an investor vehicle into Rubicon Holdings Inc, ("**RHI**") for certain Canadian shareholders and in its first year of incorporation, performed certain management services for RHI.

During May 2018, Rubicon Organics and RHI undertook a re-organization (the "**Re-Organization**") whereby, RHI completed a reverse takeover ("**RTO**") of Rubicon Organics.

The Company's principal business is the production and sale of cannabis in Canada as well as leasing custom built facilities and providing brand licensing to cannabis producers and processors in Washington and California. The Company intends to produce organic cannabis to process and sell under its wholly owned and other licensed brands. In Canada, the Company expects to grow and sell cannabis directly from its wholly owned, federally licensed 125,000 square foot facility in British Columbia. In the state of Washington, the Company leases its 40,000 square foot facility to a state licensed operator and provides its brands under license to various licensed operators.

On October 10, 2018, the Company's common shares began trading on the Canadian Securities Exchange ("**CSE**") under the trading symbol "ROMJ". On January 7, 2019 the Company's common shares commenced trading on the OTCQX Best Market under the symbol "ROMJF".

The address of the Company's registered office and records is 1200 Waterfront Centre, 200 Burrard Street, PO Box 48600 Vancouver, British Columbia V7X 1T2. The Company's head office is unit 505 - 744 West Hastings Street, Vancouver, British Columbia V6C 1A5. Additional information about Rubicon Organics can be obtained by contacting Investor Relations (refer to the last page of this MD&A for contact details).

About the Company

Rubicon Organics is a Canadian Licensed Producer ("**LP**") focused on providing super-premium organic cannabis products for the recreational and medical-use markets in Canada. The Company also leases out its facility in Washington and licenses cannabis brands to a state-licensed producer in California. Rubicon Organics' ancillary involvement in the cannabis sector in the United States is in compliance with applicable licensing requirements and the regulatory frameworks enacted by the State of Washington and State of California.

Expressed in Canadian dollars

Rubicon Organics' subsidiaries are as follows:

Name	Place of Incorporation	Ownership Percentage
Rubicon Holdings, Inc.	WA, United States	100%
West Coast Property Holdings, Inc.	WA, United States	100%
Rubicon Property 1 LLC	WA, United States	100%
Rubicon Property 2 LLC	WA, United States	100%
Rubicon California LLC	CA, United States	100%
Great Pacific Brands, LLC	WA, United States	100%
Red Dog Operations, Inc.	WA, United States	100%
Seymour Soils, Inc.	WA, United States	100%
West Coast Marketing Corporation	BC, Canada	100%
1113603 B.C Ltd.	BC, Canada	100%
Bridge View Greenhouses Ltd.	BC, Canada	100%
Vintages Organic Cannabis Company Inc.	BC, Canada	100%
Kool Gildea, Inc. (1)	CA, United States	0%

*(1) On January 30, 2018, an agreement was executed between the Company and Kool Gildea, Inc ("**KG Inc.**"), a California non-profit mutual benefit corporation granting the Company the power to direct relevant activities of KG Inc, in particular the appointment and removal of governing members. As a result of this control, KG Inc is consolidated in the Financial Statements in accordance with IFRS 10. KG Inc. has been inactive since the California state cannabis license expiry in 2018.*

Canada

Rubicon Organics' wholly owned subsidiary, Vintages Organic Cannabis Company Inc., holds a cultivation license and a processing license from Health Canada pursuant to the Cannabis Act (the "**Cultivation & Processing Licenses**"). The Company's licensed facility is a wholly-owned 125,000 square foot high-tech greenhouse on a 20-acre property located in Delta, British Columbia (the "**Delta Facility**"). During 2018, the Delta Facility underwent a retro-fit to comply with Health Canada standards in preparation for licensing. The Company is currently optimizing this facility to produce approximately 11,000 kilograms per year of super-premium cannabis. The Delta Facility is under cultivation with first harvest anticipated in Q2 2019. The Company has also commenced the organic certification process with the Fraser Valley Organic Producers Association. Upon completion, Rubicon Organics will be one of only a few LPs in Canada to provide certified organic cannabis.

Washington

On November 20, 2014, the Company acquired 16.6 acres of industrial land in Ferndale, Washington. In Q4 2017, the Company completed the construction of a 40,000 square foot high-tech, venlo-style greenhouse on the property capable of producing 4,500 kilograms of cannabis per year (the "**Washington Facility**"). The Company has leased the Washington Facility to an I-502 Tier 3-licensed tenant (the "**Washington Tenant**") in compliance with the Washington State Liquor and Cannabis Board (the "**LCB**"). The Washington Facility is currently under cultivation and completed its first commercial scale, organic harvest in April 2019.

California

Rubicon Organics sells 1964 Supply Co.™ branded packaging to a state-licensed operator who packages and distributes cannabis products to dispensaries throughout California.

KEY DEVELOPMENTS IN THE THREE MONTHS ENDED MARCH 31, 2019

Highlights

- **Health Canada awarded the Cultivation & Processing Licenses to the Delta Facility**
- **Starting materials and genetics brought to Delta Facility to commence cannabis cultivation in Canada**
- **Commencement of leasing of the Washington Facility**
- **The Washington Facility commenced its first commercial harvest which was completed in April 2019**
- **Refinancing of the Canadian facility debt**
- **Membership gained to the Global Cannabis Partnership**
- **Listing of the Company under the Symbol ROMJF on the OTCQX**

Canada

On February 1, 2019, Health Canada awarded the Cultivation & Processing Licenses to the Delta Facility. As a result of receiving these licenses, the Company's entire 125,000 square foot facility is licensed for cultivation and processing. The Delta Facility has been specifically designed to utilize both industry leading LED technology and supplemental sunlight allowing Rubicon Organics to produce organic cannabis at scale at the highest possible quality.

The Cultivation & Processing Licenses allowed the Company to bring in an extensive library of unique and proven genetic starting materials including unique stabilized cultivars previously developed in the medical cannabis market, which are expected to be instrumental in Rubicon Organic's breeding program for new strains to the Canadian market. The extensive breadth and scope of the genetic library is a further sign of Rubicon Organics' commitment to quality through the development and stabilization of disease-free and pest-resistant cannabis cultivars for future commercial production.

During the first three months of the year and until the date of this MD&A, the Company continued to work to ramp-up the Delta Facility readying it for full scale commercial production. With the initial genetic starting materials on site, the first pilot scale harvest is planted and expected to be harvested in Q2 2019 with commercial scale production harvests expected in Q3 2019.

Washington

Effective January 1, 2019 the Company allowed its contractual agreement with Vega, the state licensed tenant who operated Rubicon's leased extraction laboratory in the state of Washington to expire. As a result, from January 1, 2019 the cannabis sales revenues, results of operations, and assets and liabilities of Vega will no longer be consolidated in the Financial Statements of the Company.

The Company now leases the Washington Facility to the Washington Tenant, which has completed its initial pilot scale cultivation trial, using Rubicon Organics' proprietary cultivation program, which has achieved the Company's quality standard. As a result, Rubicon Organics has been able to proceed with brand licensing discussions for the launch of its 1964 Supply Co.™ brand in Washington state. The Company's Washington Facility is now fully planted out and bi-weekly crop harvesting has begun with the facility's first commercial scale harvest completed in April 2019.

California

Rubicon Organic's brand promise of meticulously delivering quality and consistency from seed to sale is of critical importance throughout every aspect of the Company. With the award winning, 1964 Supply Co.™ cannabis brand in

California, it was becoming increasingly difficult to maintain that premium promise. Many factors have contributed to this outcome, however, primarily it has become difficult to rely on third parties to deliver the end-to-end supply chain, whilst also meeting our high standards. Consequently, the Company has made the decision to reduce its footprint and maintain a minimal presence in California until such time as the supply chain is able to meet its premium product expectations each and every time.

Corporate

On January 21, 2019, two executive officers and one significant shareholder increased the existing revolving credit facilities provided to the Company to a total of $600,000 and on February 28, 2019 was further increased to a total of $2,100,000. The revolving credit facilities bear annual interest rate of 11% and is to be repaid on the earlier of completion of the next debt or equity financing or by April 30, 2019. As at March 31, 2019, the Company had drawn down a total of $1,371,447 under these revolving credit facilities.

On January 25, 2019, Bryan Disher and David Donnan resigned as directors of the Company because the necessary security clearances for them were taking additional time as they lived over 90 consecutive days outside of Canada in the last five years. They subsequently obtained these out-of-Canada criminal background checks and were reappointed to the Board of Directors on April 23, 2019.

In March 2019, the Company was invited and gained membership in the Global Cannabis Partnership (the "**GCP**"). The GCP is a collaboration of leaders in the government-sanctioned adult-use recreational cannabis industry. With representation from government, private-sector and affiliate organizations, the GCP works to create international standards for the safe and responsible production, distribution and consumption of legal recreational cannabis.

On March 20, 2019, the Company completed a $6,000,000 mortgage financing loan (the "**Mortgage**") from Romspen Investment Corporation. On March 25, 2019, the Company drew $5,000,000 under the Mortgage, $2,946,722 of which was used to settle the original mortgage on the Delta Facility. The Mortgage is collateralized by the Delta Facility, bears interest at a rate of 12.0% per annum and matures on September 30, 2020.

DEVELOPMENTS SUBSEQUENT TO MARCH 31, 2019

Corporate

On April 25, 2019, the Company completed a $3,355,000 second mortgage financing loan from a group of lenders. The loan bears interest at a rate of 12.0% per annum, compounded quarterly) and matures on April 25, 2021. $1,655,000 of the loan was provided by two executive officers and one insider shareholder and included the rollover of $1,371,447 outstanding under the revolving credit facilities discussed above. The lenders were also issued 671,000 warrants with an exercise price of $4.50 per common share that expire on April 25, 2022.

On April 23, 2019, the Company re-appointed Bryan Disher and David Donnan to the board of directors.

On May 28, 2019, the Company entered into a $5,000,000 second mortgage financing loan from an overseas lender. The loan bears interest at a rate of 12.0% per annum (compounded quarterly) and matures on May 28, 2021. The lender was also issued 1,000,000 warrants with an exercise price of $4.50 per common share that expire on May 28, 2022. As of May 28, 2019, the Company had drawn $4,749,040 on the loan.

On May 28, 2019, the Company issued an aggregate of 213,250 stock options to new employees of the Company and 200,000 stock options to a service provider of the firm. The options are exercisable at C$3.25 per share for a period of five years expiring on May 28, 2024, pursuant to the terms of the equity incentive plan.

OUTLOOK

In 2019, the Company has moved its entire focus to the Delta Facility and the Washington Facility now that they are licensed. Consequently, the Company has redeployed its resources and people, who have gained valuable operational experience, away from its pilot scale operation in California to its two primary assets.

Expressed in Canadian dollars

Canada: The Company continues to ramp-up the Delta Facility which is expected to produce approximately 11,000 kilograms per year of super-premium cannabis when it reaches full scale commencing in 2020. The Delta Facility is currently under cultivation with its first pilot scale harvest anticipated in Q2 2019. In 2019, the Company intends to obtain the organic certification for its cannabis production, achieve its sales license from Health Canada and develop brands for the Canadian markets.

Washington*:* The Company plans to continue to lease the Washington Facility and license its brands to a state-licensed producer/processor whereby brand recognition can be achieved consistently on the west coast of North America.

California: The Company is currently evaluating its options with respect to how the 1964 Supply Co.™ brand may be distributed within the state.

Corporate: The Company intends to continue to evaluate and assess new cannabis market opportunities in its existing jurisdictions and beyond. To support these activities, the Company is evaluating its options with respect to securing additional financing whether through equity financing, debt or other alternative structures, including strategic alliances.

QUARTERLY HIGHLIGHTS

The following table sets forth select financial information of the Company for the three months ended March 31, 2019 and 2018:

	As at March 31,	
	2019 **$**	**2018** **$**
Current assets	**4,111,400**	2,290,446
Total assets	**30,189,453**	28,328,663
Current liabilities	**4,909,822**	3,355,530
Non-current liabilities	**4,797,417**	2,911,820
Total liabilities	**9,707,239**	6,267,350
Shareholders' equity	**20,482,214**	22,061,313

	For the three months ended March 31,	
	2019 **$**	**2018** **$** ***(Restated*)***
Revenue	—	374,440
Loss from operations	**(2,091,779)**	(2,326,202)
Net loss from continuing operations	**(2,276,712)**	(2,381,964)
Net loss for the period	**(2,276,712)**	(2,572,073)
Total comprehensive loss	**(2,551,827)**	(2,624,342)
Loss per share from continuing operations	**(0.06)**	(0.07)
Loss per share from operations	**(0.06)**	(0.08)

**Restated for deconsolidation of Vega*

There were no distributions or cash dividends during the period.

Expressed in Canadian dollars

The table below summarizes the Company's cash flows for the three months ended March 31, 2019 and 2018:

	For the three months ended March 31,	
	2019	**2018**
	$	**$**
Net cash provided (used in)		
Operating activities	**(829,223)**	(2,815,303)
Investing activities	**(1,110,179)**	(1,262,596)
Financing activities	**3,288,305**	3,579,410
Effect of foreign exchange on cash	**9,224**	(6,438)
Increase (decrease) in cash	**1,358,127**	(504,927)
Cash beginning of the period	**232,420**	2,944,775
Cash end of the period	**1,590,547**	2,439,848

Throughout the first quarter of 2019, the Company has focused on its primary assets, being its Delta Facility and its Washington Facility. In addition, the Company expanded its team in anticipation of the next phase of its business plan to cultivate cannabis, and bring organic and other cannabis brands to market.

Revenue in Q1 2019 relates to lease revenue from the Company's Washington Facility. There were no sales of cannabis product or branded packaging during the quarter. Revenue in Q1 2018 related to the sale of cannabis products and branded packaging in California and Washington.

Rubicon Organics' operations continue to be funded through equity and debt financing.

Expressed in Canadian dollars

FINANCIAL REVIEW AND RESULTS OF OPERATIONS

The following summary of financial information has been derived from the Condensed Consolidated Interim Financial Statements:

	For the three months ended	
	March 31, 2019	**March 31, 2018 (restated)***
Revenue		
Product sales	—	374,440
Cost of sales	—	(264,515)
Loss on inventory write-off	—	(1,502)
Gross profit before fair value adjustments	—	108,423
Gain on changes in fair value of biological assets	**121,610**	—
Gross profit	**121,610**	108,423
Lease revenue	**638,137**	—
Operating expenses		
Share-based compensation	**972,728**	163,418
Consulting, salaries and wages	**848,169**	795,509
General and administrative expenses	**781,382**	747,382
Depreciation and amortization	**222,950**	288,643
Sales and marketing expense	**26,297**	439,673
	2,851,526	2,434,625
Loss from operations	**(2,091,779)**	(2,326,202)
Loss on deconsolidation of Vega	**135,859**	—
Interest on loans	**46,224**	31,944
Net realized foreign exchange	**2,603**	12,402
Loss from continuing operations before income tax	**(2,276,465)**	(2,370,548)
Income tax expense	**247**	11,416
Net loss from continuing operations	**(2,276,712)**	(2,381,964)
Loss from discontinued operations	—	(190,109)
Net Loss for the period	**(2,276,712)**	(2,572,073)
Other comprehensive income		
Exchange rate differences on translation of foreign operations	**(275,115)**	(52,269)
Total comprehensive loss	**(2,551,827)**	(2,624,342)
Net loss per share from continuing operations, basic and diluted	**(0.06)**	(0.07)
Net loss per share from discontinued operations, basic and diluted	**—**	(0.01)
Net loss per share from operations, basic and diluted	**(0.06)**	(0.08)
Weighted average number of shares	**36,811,425**	32,337,773

**Restated for deconsolidation of Vega.*

Revenue

Revenue in Q1 2019 relates to lease revenue from the Company's Washington Facility.

Revenue in Q1 2018 relates principally to sales in California of 1964 Supply Co.™ branded cannabis products to distributors. The Company continued these sales up until KG Inc.'s license expired on August 15, 2018. From August 16, 2018, sales in California related exclusively to 1964 Supply Co.™ branded packaging sales. Through the latter part of 2018, the transition to a new licensing framework in California resulted in a shortage of supply of compliant, high quality flower. In order to adhere to its high-quality standards, the Company made the decision to halt sales until appropriate priced and quality product could be obtained resulting in lower sales. In Q1 2019, there were no sales in California.

With the first pilot scale harvest anticipated in the Delta Facility in Q2 2019, there are currently no sales in Canada. Revenue is expected to be generated in the second half of 2019.

Operating expenses

Operating expenses have increased year over year with the ramp up of operations, including the build out of the Canadian team. Consulting, salaries and wages increased significantly, as expected, with headcount increasing along with the growth of the business. The Company anticipates that salaries expenses will continue to increase through 2019 with the expansion of the corporate office and ramp-up of the Canadian operations. Non-cash share-based payments reflect the issuance of options for new and existing team members as well as certain external consultants.

Other significant costs include general and administrative costs which increased in line with the growth of the business and developments in all jurisdictions. During the period, the Company also recognised a loss on deconsolidation of Vega.

Other comprehensive income (loss)

The other comprehensive income (loss) with respect to foreign currency translation difference varies at each reporting date given the fluctuations between the United States Dollar and the Canadian Dollar. This foreign currency translation difference includes the impact of foreign exchange on intercompany loans whose retranslation is treated as equity (until the foreign operation is disposed of) and the translation of the foreign operation from its functional currency into Canadian Dollars. For the period ended March 31, 2019, the impact of the foreign currency translation differences was other comprehensive loss of $275,115 (March 31, 2018 – loss of $52,269).

SUMMARY OF QUARTERLY RESULTS

The following table summarizes quarterly financial results for Rubicon Organics for the last eight quarters:

	2019	**2018**				**2017**		
(C$000's)	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**
Revenue	638	84	754	674	517	261	239	198
Net Loss for the period	(2,277)	(4,672)	(3,504)	(19,128)	(2,571)	(1,803)	(1,140)	(1,730)
Shares outstanding	36,811	36,811	33,153	32,735	32,735	31,000	28,177	27,561
Net loss per share from operations, basic and diluted	($0.06)	($0.12)	($0.11)	($0.58)	($0.08)	($0.06)	($0.04)	($0.06)

In 2019, the Company earned revenue from the lease of the Washington Facility. Prior to 2019, revenue related to sales in Washington and California from pilot scale operations. The net loss of the business has grown as the team and activity of the Company has grown with expansion of the team, increased professional services being obtained and the impact of non-cash, share-based payments on the quarterly results. For a detailed review of Q1 2019, refer to the results analysis under '*Financial Review and Results of Operations*'.

LIQUIDITY AND GOING CONCERN

As at March 31, 2019, the Company had cash available of $1,590,547 and negative working capital of $798,422. Operating activities in the period ended March 31, 2019 used $829,223 of cash, largely driven by the operating expenses described above.

During the three months ended March 31, 2019, the Company received $3,288,305 in net proceeds from financings.

The Company's historical operations and development have principally been funded through debt and the sale of securities. The Company has recently received its Cultivation and Processing licenses from Health Canada for its Delta Facility and beginning in December 2018 its Washington Facility has been leased to a state licensed tenant. The Company has not yet generated revenue from the Delta Facility but expects that crops will be harvested from this facility in Q2 2019. As at March 31, 2019, the Company had not achieved profitable operations and had accumulated losses of $44,396,198 since its inception.

The Financial Statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to obtain debt or equity financing until it achieves profitable operations. The Company believes that its current resources together with the debt financings completed to date in 2019 as well as further debt facilities anticipated to close in the near-term will be sufficient to carry out the business plan to reach profitability. Notwithstanding this, under the right terms and in order to fund new growth opportunities, management intends to continue its efforts to secure external financing through the issuance of equity and debt as a source of financing the operations of the Company; however, there can be no certainty that such funds will be available on a timely basis and at terms acceptable to the Company, or at all. The conditions described above including the uncertainties related to attaining profitable operations may cast significant doubt upon the Company's ability to continue as a going concern. The Company is currently seeking additional capital, mergers, acquisitions, joint ventures, partnerships and other business arrangements to expand its product offering in the cannabis industry and grow its revenue.

CAPITAL RESOURCES

The Company has the following contractual obligations as at March 31, 2019:

(C$000's)	**Payments due by period**				
Contractual obligations	**Total**	**Less than 1 year**	**1-3 years**	**4-5 years**	**After 5 years**
Mortgage[1]	5,900	600	5,300	—	—
Operating leases[2]	101	96	5	—	—
Right-of-use asset	79	18	56	5	—
Total contractual obligations	**6,080**	**714**	**5,361**	**5**	—

[1] Relates to the first mortgage facility. Includes principle and interest obligations
[2] Operating leases relate to rental of the Vancouver head office.

With the Initial Retrofitting completed and the Cultivation and Processing Licenses received from Health Canada, the Delta Facility has begun pilot scale cultivation. The remaining capital required to optimize the Delta Facility will be financed through operating cash flows, debt and equity sources.

Expressed in Canadian dollars

OUTSTANDING SHARE DATA

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

As at May 28, 2019 the Company has the following securities outstanding.

	Number of units	Exercise Price
Common Shares	36,811,425	
Stock Options:		
Expiring – December 17, 2020	1,375,000	US$1.00
Expiring – March 21, 2021	24,000	US$1.00
Expiring – June 30, 2021	90,000	US$1.00
Expiring – August 17, 2021	500,000	US$1.00
Expiring – January 12, 2022	80,000	US$1.50
Expiring – July 31, 2022	270,000	US$2.00
Expiring – November 15, 2022	5,000	US$2.00
Expiring – January 21, 2023	32,000	US$2.00
Expiring – July 31, 2023	2,380,000	$3.25
Expiring – September 24, 2023	15,000	$3.25
Expiring – September 24, 2023	350,000	$8.15
Expiring – May 28, 2024	413,250	$3.25
Total Stock Options	5,534,250	
Broker Warrants	183,431	$3.25
Warrants	2,038,009	$4.20
Loan Warrants	1,671,000	$4.50
Fully Diluted Shares Outstanding	**46,238,115**	

PROPOSED TRANSACTIONS

There are no undisclosed proposed transactions that will materially affect the Company.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any material off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

On January 21, 2019, two executive officers and one significant shareholder increased the existing revolving credit facilities provided to the Company in 2018 to a total of $600,000 and on February 28, 2019 the facilities were further increased to a total of $2,100,000. The revolving credit facilities bear annual interest rate of 11% and is to be repaid on the earlier of completion of the next debt or equity financing or by April 30, 2019. As at March 31, 2019, the Company had drawn down a total of $1,371,447 under these revolving credit facilities.

As at March 31, 2019, $168,360 (December 31, 2018: $181,360) was owed to officers and directors of the Company for expenses paid on behalf of the Company in the normal course of operations. Included in accounts payable at March 31, 2019 is $319,377 in accrued salaries to executives (December 31, 2018: $103,126).

Compensation of key management personnel
Key management personnel are those persons having the authority and responsibility for planning, directing and controlling activities of the entity, directly or indirectly. The key management personnel of the Company are the members of the Company's executive management team and Board of Directors.

Expressed in Canadian dollars

Key management compensation was comprised of:

	March 31, 2019 **$**	**March 31, 2018** $
Salaries	170,403	135,954
Share based compensation	436,713	36,141
Total compensation of key management personnel	**607,116**	**172,095**

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Financial Statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the Financial Statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

Management considers the policies described in note 4 of the Financial Statements to be the most critical in understanding the judgments that are involved in the preparation of the Company's Financial Statements and the uncertainties that could impact its results of operations, financial condition and cash flows.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

- IFRS 16 – *Leases* ("**IFRS 16**")

  IFRS 16 replaces the previous guidance on leases, predominantly IAS 17, *Leases*. The Company has applied IFRS 16 with an initial application date of January 1, 2019, in accordance with the transitional provisions specified in IFRS 16. As a result, the Company has changed its accounting policy for lease contracts as detailed below.

  The Company as lessor
  Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term

  The Company as lessee
  The Company adopted IFRS 16 on January 1, 2019 using the modified retrospective approach. Comparative information has not been restated. As a result, the Company recognized the cumulative effect of initially applying IFRS 16 as an adjustment to the accumulated deficit as at January 1, 2019.

  The Company has applied the following practical expedient:
  On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Company applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17, were not reassessed for whether there is a lease. The Company applied the definition of a lease under IFRS 16 to contracts entered into or changed on or after January 1, 2019.

  The Company has recognized lease liabilities and right-of-use assets at the date of initial application for leases previously classified as operating leases. The Company has elected not to recognize right-of-use assets and lease liabilities for lease terms of 12 months or less and leases for which the underlying asset is of low value. The

Company has elected to measure the right-of-use assets at the carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the Company's incremental borrowing rate at the date of initial application. For the lease the Company previously classified as a finance lease under IAS 17, the carrying amount of the right-of-use asset and the lease liability at the date of initial application is equal to the carrying amount of the leased asset and lease liability immediately before the date of initial application.

The following is the Company's policy for accounting for lease contracts in accordance with IFRS 16:

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company recognizes a right-of-use asset and a lease liability at the commencement date of the lease. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use assets are adjusted for impairment losses, if any. The estimated useful lives and recoverable amounts of right-of-use assets are determined on the same basis as those of property and equipment. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest method. The Company has elected not to recognize right-of-use assets and lease liabilities for lease terms of 12 months or less and leases for which the underlying asset is of low value. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

FINANCIAL INSTRUMENTS

The Company classifies its financial assets and liabilities depending on the purpose for which the financial instruments were acquired, their characteristics, and management intent as outlined below:

Cash	FVTPL
Accounts receivable and other assets	Amortized cost
Due from related parties	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Due to related party	Amortized cost
Mortgage	Amortized cost
Investment	FVTPL

The fair values of accounts receivable, other assets, amounts due from related parties, accounts payable and accrued liabilities, and amounts due to a related party approximate their carrying amounts due to the short-term maturity of those instruments.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The main types of risk are credit risk, liquidity risk and market risk. These risks arise throughout the normal course of operations and all transactions are undertaken as a going concern. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company is exposed to credit risk on its cash and accounts receivable. The carrying amount of these assets represent the maximum credit exposure.

The Company limits exposure to credit risk by maintaining its cash with institutions of high credit worthiness.

Institution	$
National banks	1,590,423
Cash	124

The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses credit quality of the counterparties, taking into account their financial position, past experience and other factors. Credit risk is mitigated by entering into arrangements with reputable and stable counterparties and frequent reviews of exposure to individual entities.

An impairment analysis of receivables is performed at each reporting date and the balances are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan and a change in the commercial terms associated with the balance held. The Company's largest receivable balance is the rent receivable from DPI (note 6 of the Financial Statements). The Company also has an amount receivable from Vega of $1,800,780 but this amount is fully impaired at March 31, 2019.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash. The Company manages its capital in order to meet short term business requirements, after taking into account cash flows, capital expenditures and cash holdings. The Company believes that these sources should be sufficient to cover the likely short-term requirements. In the long term, the Company may have to issue debt or additional common shares to ensure that there is cash available for its programs.

All current liabilities, being accounts payable, accrued liabilities, the current portion of the loans and borrowings and due to related parties, are payable within one year and are to be funded from cash. Long term liabilities consist of the loans and borrowings.

Foreign exchange risk

The Company and its subsidiaries conduct business in foreign countries, with certain transactions denominated in currencies other than the functional currency of the Company or the subsidiaries conducting the business. Foreign currency transactions are exposed to currency risk due to fluctuations in foreign exchange rates.

For the three months ended March 31, 2019 the Company was exposed to currency risk through the following assets and liabilities denominated in US$:

		March 31, 2019		**December 31, 2018**
Cash		230,969		97,863
Accounts payable and accrued liabilities		(450,697)		(610,936)
	US$	**(219,728)**	**US$**	**(513,073)**

A 10% change of the US$ against the Canadian $ at March 31, 2019 would have decreased net loss by $29,362 (December 31, 2018: $69,993) or increased net loss by $29,362 (December 31, 2018: $69,993).

Fair value

The Company classifies its fair value measurements with a fair value hierarchy, which reflects the significance of the inputs used in making the measurements as defined in IFRS 13 – *Financial Instruments; Fair Value Measurement* ("IFRS 13").

Level 1 – Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets.

Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
Level 3 – Unobservable inputs which are supported by little or no market activity. As required by IFRS 13, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Cash is classified as a Level 1 financial instrument. Accounts receivables, loans and borrowings, due from related party, and accounts payable and accrued liabilities are classified as Level 2 financial instruments and are carried at amortized costs.

The Company's investment in Thirty Three Health was measured at fair value based on unobservable inputs and was considered a level 3 financial instrument.

There were no transfers within the fair value hierarchy during the period ended March 31, 2019.

CAPITAL MANAGEMENT

It is management's objective to safeguard its capital in order that it will be able to continue as a going concern in the best interests of all stakeholders.

The Company currently has limited sources of revenues and as such the Company is dependent upon external financings and debt to fund activities. In order to finance future projects and to pay for administrative activities, the Company will spend its existing working capital and raise additional funds through debt, equity, or a combination thereof as needed until it reaches profitable operations. Management reviews its capital management practices on an ongoing basis and believes that their approach, given the relative size of the Company, is reasonable. There have been no changes to the Company's capital management program during the three months ended March 31, 2019.

RISKS AND UNCERTAINTIES

This section discusses factors relating to the business of the Company that should be considered by both existing and potential investors. The Company is pursuing commercial ventures in the cannabis business that encompass the biotechnology and agricultural industries and as such is exposed to a number of risks and uncertainties that are not uncommon to other companies in the same business. The Company remains in pilot scale and has limited revenue from operations. The Company continues to have limited capital resources and relies upon debt and/and equity financings to make new investments and to fund the operations of the Company. Investing in the Company's common shares involves significant risks. An investor should carefully consider the summary of risks described below, which are qualified in their entirety by reference to, and must be read in conjunction with, the detailed information appearing in the Company's MD&A dated April 26, 2019. The risks and uncertainties described in the Company's MD&A dated April 26, 2019 and those described below are those we currently believe to be material, but they are not the only ones we face. If any of the following risks, or any other risks and uncertainties that we have not yet identified or that we currently consider not to be material, actually occur or become material risks, our business, prospects, financial condition, results of operations and cash flows could be materially and adversely affected. In that event, the market price of the Company's common shares could decline, and you could lose part or all of your investment.

Operational Risks and Other Significant Factors

Cannabis is listed as a Schedule 1 drug under the federal Controlled Substances Act. For this reason, the federal government could shut down the operations of the Company at any time. Under the Obama Administration, the Department of Justice released a memo on August 29, 2013 which issued guidance to federal prosecutors on certain enforcement priorities. These priorities included preventing the distribution of cannabis to minors, preventing revenue from sales going to criminal enterprises, preventing diversion of product between states etc. The memorandum put the onus for all other regulation onto the individual states, indicating that only when the prioritized harms materialized would strict federal enforcement prevail. In January 2018, the Attorney General of the United States rescinded this memorandum. While federal prosecutors have the authority to prosecute business and individuals engaged in the production, processing and sale of cannabis in states such as Washington and California, there has been no evidence of such enforcement to date as doing so would cause serious economic hardship for states dependent on cannabis tax revenues. Accordingly, this is a substantial risk and there is no guarantee that the Company will be successful in operating without interference or prohibition by the federal government.

CONFLICTS OF INTEREST

To the best of our knowledge, there are no known existing or potential material conflicts of interest among us and our directors, officers or other members of Management as a result of their outside business interests except that certain of our directors and officers serve as directors, officers or advisors of other companies, and therefore it is possible that a conflict may arise between their duties to us and their duties as a director, officer or advisor of such other companies.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Some of the statements contained in this MD&A are forward-looking statements, such as estimates and statements that describe the Company's plans, objectives or goals, including words to the effect that the Company or management expects a stated condition or result to occur.

Forward-looking statements may be identified by such terms as "believes", "if", "expects", "estimates", "may", "could", "should", "will", "intends" and similar expressions. Since forward-looking statements are based on assumptions and address future events and conditions, by their very nature they involve inherent risks and uncertainties.

Although the Company believes that the expectations represented by such forward-looking information or statements are reasonable, there is significant risk that the forward-looking information or statements may not be achieved, and the underlying assumptions thereto will not prove to be accurate. Forward-looking statements are based on certain assumptions and analyses made by the Company considering the experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate and are subject to risks and uncertainties. In making the forward-looking statements included in this MD&A, the Company has made various material assumptions, including but not limited to (i) information or statements concerning the Company's expectations of current financial resources being sufficient to fund operations; (ii) obtaining the necessary regulatory approvals; (iii) that regulatory requirements will be maintained; (iv) general business and economic conditions; (v) the Company's ability to successfully execute its plans and intentions; (vi) the Company's ability to obtain financing at reasonable terms though the sale of equity and/or debt commitments; (vii) the Company's ability to attract and retain skilled staff; (viii) market competition; (ix) the products and technology offered by the Company's competitors; and (x) that our current good relationships with our suppliers, service providers and other third parties will be maintained.

Actual results or events could differ materially from the plans, intentions and expectations expressed or implied in any forward-looking information or statements, including the underlying assumptions thereto, as a result of numerous risks, uncertainties and other factors including: the legal status of cannabis cultivation, distribution and sales in the United States and Canada; changes in general economic conditions and conditions in the financial markets; litigation, legislative, environmental and other judicial, regulatory, political and competitive developments; uncertainty about the Company's ability to continue as a going concern; risk that the Company will not obtain or retain any relevant licenses; technological and operational difficulties encountered in connection with the Company's activities; changing foreign exchange rates and other matters discussed in this MD&A.

Although we have attempted to identify factors that would cause actual actions, events or results to differ materially from those described in forward-looking statements and information, there may be other factors that cause actual results, performances, achievements or events to not be as anticipated, estimated or intended. Many of the factors are beyond our control. This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements. These and other factors should be considered carefully, and readers should not place undue reliance on the Company's forward-looking statements. We disclaim any intention and assume no obligation to update any forward-looking statements even if new information becomes available, as a result of future events, new information, or for any other reason except as required by law. These forward-

looking statements are made as of the date hereof. Additional information related to us is available by accessing the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval ("SEDAR") website at www.sedar.com.

ADDITIONAL INFORMATION

Additional information related to the Company is available on the Company's website at www.rubiconorganics.com and through its public filings on www.sedar.com.

Expressed in Canadian dollars

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