RUBICON ORGANICS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine months ended September 30, 2018

November 29, 2018

INTRODUCTION

This management discussion and analysis ("**MD&A**") of the financial condition and results of operations of Rubicon Organics Inc. ("**ROI**" or the "**Company**") is for the three and nine months ended September 30, 2018. 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 and nine months ended September 30, 2018 (the "**Interim Financial Statements**") and the audited financial statements for the year ended December 31, 2017. The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board applicable to the preparation of interim financial statements including *IAS 34, Interim Financial Reporting*. 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 and nine months ended September 30, 2018, and the subsequent period up to the date of November, 29, 2018.

Throughout this document the terms we, us, our, the Company and ROI refer to Rubicon Organics Inc. and its subsidiaries during the three and nine months ended September 30, 2018.

Additional information about the Company can be requested from Ms. Margaret Brodie, Chief Financial Officer at the mailing address of Suite 505 – 744 West Hastings Street, Vancouver, BC, V6C 1A5, Canada.

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 condensed consolidated interim financial statements for the period ended September 30, 2018 for further information.

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.

DESCRIPTION OF THE BUSINESS

ROI is a British Columbia registered company incorporated on May 15, 2015. ROI 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.

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.

During April and May 2018, ROI and RHI undertook a re-organization (the "**Re-Organization**") whereby pursuant to a share exchange, RHI completed a reverse takeover ("**RTO**") of ROI.

Re-Organization

As part of the Re-Organization, on May 15, 2018, ROI entered into a share exchange transaction (the "**Share Exchange")** with RHI whereby each shareholder of RHI, other than ROI, exchanged its common shares in RHI on a 1:1 basis for common shares of ROI. Furthermore, on May 30, 2018, in connection with the Share Exchange, all former option holders of RHI exchanged their options on a 1:1 basis for new options in ROI, on substantially similar terms to their original options in RHI.

After the Re-Organization, the former shareholders of RHI own all of the common shares in ROI. Consequently, the Re-Organization has been accounted for as an RTO and the condensed consolidated interim financial statements of ROI present the historical results, assets and liabilities of the Company on the consummation of the reverse take over as if RHI was the acquirer.

The value of net identifiable assets of ROI (legal parent) acquired by RHI (legal subsidiary) is as follows:

At May 15, 2018	$
Cash	2,255
Accounts payable and accrued liabilities	(16,649)
	(14,394)

IFRS 2 applies to transactions where an entity grants equity instruments and cannot identify specifically some or all the goods or services received in return. In accordance with IFRS 2, the amount assigned to the acquisition transaction costs in the Interim Financial Statements is $15,727,799, being the difference between the estimated fair value of ROI shares prior to the RTO and the fair value of the net assets acquired of the Company plus transaction costs. The fair value of the 4,732,011 outstanding ROI common shares prior to the RTO of $3.25 per common share is determined based on the share price of the Company's private placement in July 2018.

At May 15, 2018	**$**
Fair value of shares of ROI	15,506,930
Less: fair value of net assets acquired of ROI	(14,394)
Subtotal before transaction costs	**15,521,324**
RTO transaction costs:	
Professional fees	220,712
Forgiveness of intercompany debt to ROI	(14,237)
Total RTO costs	**15,727,799**

About the Company

The Company's business plan is to obtain licenses to grow and sell cannabis directly in Canada and indirectly through leasing facilities and brand licensing arrangements with state license holders in Washington and California and is planning to seek licenses in other jurisdictions. The Company intends to produce organic cannabis to process and sell under its wholly owned and other licensed brands.

Effective May 15, 2018 as a result of the RTO, RHI was considered the continuing entity for accounting purposes. The accounts of subsidiaries are prepared for the same reporting period as the parent company using consistent accounting policies. ROI's 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%
Vega Ventures LLC (1)	WA, United States	0%
Kool Gildea, Inc (2)	CA, United States	0%

(1) *The Company controls a licensed cannabis company, Vega Ventures LLC ("Vega"), in Washington state by way of a contractual agreement. Vega is fully consolidated in these condensed consolidated interim financial statements in accordance with IFRS 10.*

(2) *On January 30, 2018, an agreement (the "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 these condensed consolidated financial statements in accordance with IFRS 10.*

Canada

As at September 30, 2018 the Company wholly owns Bridge View Greenhouses Ltd. ("**Bridge View**") which has a 20-acre parcel of land with a 125,000 square-foot greenhouse facility located in Delta, British Columbia ("**BC**"). The greenhouse facility is undergoing a retro-fit to comply with Health Canada standards in anticipation of licensing in 2018. Vintages Organic Cannabis Company Inc. is a late stage applicant under Health Canada's Access to Cannabis for Medical Purposes Regulations ("**ACMPR**") for licensing to produce and sell cannabis in Canada. Upon completion, the facility will be capable of producing approximately 11,000 kilograms per year of dried cannabis. The Company's site has expansion capability for a phase II and III expansion that would increase the facility's cannabis production capacity to a total of 67,000 kilograms per year. The Company intends to complete the organic certification process with the Fraser Valley Organic Producers Association and will be one of only a few LPs in Canada to provide certified organic cannabis.

United States

In the United States, ROI does not directly hold cannabis licenses or otherwise produce, process or sell cannabis product. The Company and its affiliates lease or sublease turnkey facilities and license brands to one or more state-licensed producer and processor licensees in California and Washington. ROI's ancillary involvement in the cannabis sector in the United States is in compliance with applicable licensing requirements and the regulatory framework enacted by the State of California and Washington.

California

ROI sells 1964 Supply Co.™ branded packaging to a state-licensed operator who packages and distributes cannabis products to dispensaries throughout California via a distributor. ROI maintains direct control over the sales and marketing functions in respect of the 1964 Supply Co.™ brand.

The Company also owned 3 acres of land in Greenfield, California. The Company has completed a geotechnical engineering report on the property indicating its suitability for the construction of several greenhouses on the property, however there are no immediate plans to begin construction on the land.

Washington

On November 20, 2014, the Company acquired 16.6 acres of industrial land located in Ferndale, Washington. In the last quarter of 2017, the Company completed the construction of a 40,000 square-foot high-tech, venlo-style greenhouse on the property (the "**Ferndale Greenhouse**"). The Company has leased the Ferndale Greenhouse to an I-502 Tier 3-licensed tenant (the "**Greenhouse Tenant**") who will also license the Company's brands.

In Washington, the Company licenses its Doctor & Crook Co.™ brand and is leasing a turnkey cannabis oil extraction facility to a state licensed processor. In 2016, the Company entered an option agreement with Vega, a third party I-502 licensed entity whereby the Company has the right to designate, subject to Washington State Liquor and Cannabis Board approval, another owner of Vega. To the date of this MD&A, the Company has not exercised this option. While Vega is not a legal subsidiary, given the option agreement, it is consolidated for financial reporting purposes. Vega operates a cannabis packaging and oil extraction facility in Bellingham and sells cannabis products across the State of Washington under the Company's wholly-owned brand, Doctor & Crook Co.™.

KEY DEVELOPMENTS IN THE THREE MONTHS ENDED SEPTEMBER 30, 2018

Canada

On January 17, 2018, the Company received its Notice of Confirmation of Readiness under Health Canada's ACMPR program. Throughout the first nine months of 2018 the Company has retro-fit the BC greenhouse facility for cannabis licensing and production.

In July 2018, the Company completed the first phase of the retrofit and submitted its video evidence package to Health Canada on August 15, 2018. The Company is expecting to receive its License to Cultivate from Health Canada in the fourth quarter of 2018. The Company continues to ready and optimize the greenhouse facility.

California

On January 30, 2018, the Company entered into an agreement with KG Inc. for total consideration of US$620,000, which gives it the right to direct certain activities of KG Inc. including the appointment and removal of governing members. As a result, in the first quarter of 2018 the Company assessed that it was appropriate to consolidate KG Inc. for its IFRS consolidated financial statements. In April 2018, KG Inc. obtained its temporary state license to distribute cannabis in California and is licensed by the Company to sell the 1964 Supply Co.™ brand. This state license expired August 15, 2018.

Effective August 14, 2018, ROI entered into an arrangement with CMX Distribution, Inc. ("**CMX**") to package and distribute Supplied by 1964™ branded cannabis products under CMX's own license in California. As part of the arrangement, ROI provides working capital and sells branded packaging to CMX. Upon expiration of KG Inc.'s distribution license, all cannabis product was transferred to CMX and the Company now holds no cannabis product in California. The cannabis product and working capital transferred to CMX form a working capital receivable balance on ROI's balance sheet as at September 30, 2018. California sales revenue shown in the interim condensed consolidated statements for the period ended September 30, 2018, relates to cannabis product sales up until KG Inc.'s license expiry on August 15, 2018 and branded packaging sales thereafter. Refer to *'Financial Review and Results of Operations'* for further information on revenue.

During the third quarter of 2018, there was a transition in California of a new licensing framework which resulted in a shortage of supply of compliant, high quality flower. To adhere to its high-quality standards, ROI made the decision to halt sales of some SKU's until appropriate priced and quality product could be obtained. During the quarter, Rubicon elected to not fulfill US$163k of orders. During the fourth quarter of 2018, the Company is expecting to have the issues resolved.

Washington

The Washington 40,000 square-foot greenhouse facility has completed its initial commissioning and during the third quarter was in the process of being leased to a state licensed producer/processor.

In Q3 2018, Vega, the operating cannabis processor business sold Doctor & Crook Co.™ flower, pre-roll and oil products. Effective August 2018, Vega began to sell through its flower inventory to reduce its sales of flower and pre-roll products to instead focus its production and sales efforts on oil which generates stronger margins for Vega.

Corporate

Financing:

On July 5, 2018, ROI completed a brokered private placement offering of 3,658,820 special warrants for aggregate gross proceeds of $11,891,165 (the "**Offering**"). Each special warrant is exercisable, for no additional consideration and with no further action on the part of the holder, into units of ROI. Each unit will consist of one Common Share and one-half of one Common Share purchase warrant. Each whole warrant will entitle the holder to purchase one Common Share at an exercise price of $4.20 per Common Share until July 5, 2020, subject to adjustment in certain events.

Concurrent with the above Offering, ROI has also completed a non-brokered private placement of a further 417,222 units of ROI (each comprised of one Common Share and one-half of one warrant) at $3.25 per unit for gross proceeds of approximately $1.4 million.

Stock Options:

On July 31, 2018, ROI issued an aggregate of 2,432,500 stock options to directors, employees, consultants and service providers. The options are exercisable at $3.25 per share for a period of five years expiring on July 31, 2023. ROI also issued 50,000 restricted share units to a consultant.

On September 24, 2018, ROI issued an aggregate of 465,000 stock options to employees and service providers. The options are exercisable as follows: 115,000 stock options to employees at an exercise price $3.25 per share for a period of five years expiring on September 24, 2023 and 350,000 stock options to service providers at an exercise price $8.15 per share for a period of five years expiring on September 24, 2023.

DEVELOPMENTS SUBSEQUENT TO SEPTEMBER 30, 2018

On October 2, 2018 the Company filed its Final Prospectus with the British Columbia Securities Commission ("**BCSC**") to qualify the distribution of 3,658,820 common shares and 1,829,398 common share purchase warrants underlying the Special Warrants issued as part of the July 2018 Offering. Concurrent with the filing of the Final Prospectus, the Company also received conditional listing approval for its common shares from the Canadian Securities Exchange ("**CSE**").

On October 9, 2018, pursuant to the Special Warrant Indenture, 3,658,820 special warrants were automatically converted into 3,658,820 common shares and 1,829,398 warrants. Each warrant entitles the holder to purchase one common share at an exercise price of $4.20 per common share until July 5, 2020.

On October 10, 2018, the Company's common shares commenced trading on the CSE under the symbol "ROMJ".

On October 15, 2018, 115,000 stock options issued to a service provider and employees of the Company were cancelled.

Effective November 1, 2018, Eric Savics resigned as a director of the Company for personal reasons. The Company expects Mr. Savics to remain an active investor and advisor in Rubicon Organics and thanks him for his contribution during the last number of months.

On November 12, 2018, the tenant of the Company's Washington greenhouse facility received the marijuana producer and processor license under I-502 regulations. With the receipt of the license, the tenant of the 40,000 sq. ft. high-tech greenhouse is set to commence cultivation and will utilize Rubicon Organics' proprietary growing methodology to produce premium quality, organic cannabis at low cost without any chemical fertilizers or pesticides. Rubicon Organics expects lease payments from the facility to commence in 2019.

The Company is in active discussions with several lenders negotiating terms for a debt facility on its Washington greenhouse asset. As the Washington greenhouse is fully paid for, is now licensed by the LCB, and expects positive cashflows in 2019, the Company plans to fund the broader business operations by leveraging this asset. A debt facility is expected to be in place by the end of 2018.

OUTLOOK

***Canada*:** The Company plans to obtain its necessary licensing in Canada for cannabis production. Thereafter the Company intends to obtain the organic certification for its cannabis production and develop brands for the Canadian and export markets.

California: The Company intends to continue to develop a brand presence through marketing efforts and relationships with state licensed distributors to achieve brand recognition and sales of 1964 Supply Co.™ consistently across the state.

***Washington**:* The Company has leased its Ferndale facility and will continue to license its brands to a state licensed producer/processor whereby brand recognition can be achieved consistently on the west coast of North America.

Debt Financing: As described above, the Company expects to have debt financing in place by the end of 2018 on the fully licensed and completed Washington greenhouse.

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 and nine months ended September 30, 2018 and 2017:

	For the three months ended September 30,		For the nine months ended September 30,	
	2018	**2017**	**2018**	**2017**
	$	**$**	**$**	**$**
		(Restated*)		***(Restated*)***
Sales	753,875	240,079	1,944,885	626,504
Loss from operations	(3,639,915)	(1,200,034)	(8,633,848)	(4,063,765)
Net loss	(3,504,049)	(1,186,912)	(25,202,383)	(4,070,325)
Total comprehensive loss	(3,308,461)	(633,514)	(25,002,413)	(2,972,739)
Loss per share	(0.11)	(0.04)	(0.77)	(0.15)

**The Company changed its presentation currency to Canadian dollars ($).*

	As at September 30, 2018	As at December 31, 2017
	$	**$**
		(Restated*)
Current assets	4,528,651	3,284,645
Total assets	31,152,151	21,918,467
Current liabilities	3,418,527	2,230,157
Non-current liabilities	2,939,357	3,000,000
Total liabilities	6,357,884	5,230,157
Shareholders' equity	24,794,267	16,688,311

**The Company changed its presentation currency to Canadian dollars ($).*

There were no distributions or cash dividends per share.

The table below summarizes the Company's cash flows for the nine months ended September 30, 2018 and 2017:

	For the nine months ended September 30,	
	2018	**2017**
	$	**$**
		(Restated*)
Net cash provided (used in)		
Operating activities	(6,686,775)	(735,538)
Investing activities	(8,912,210)	(9,010,512)
Financing activities	15,291,222	7,719,571
Effect of foreign exchange on cash	(68,427)	788,993
Increase (decrease) in cash	(376,190)	(1,237,486)
Cash beginning of the period	2,921,051	3,631,754
Cash end of the period	2,544,861	2,394,268

**The Company changed its presentation currency to Canadian dollars ($).*

In the first three quarters of 2018, the Company has focused on retro-fitting its greenhouse asset in Canada, commissioning its Washington greenhouse and building its team both in California and Canada in anticipation of the next phase of its business plan to cultivate cannabis, lease facilities and provide ancillary services to state licensed cannabis producers.

Through its Washington and California State licensed producers and processors, the Company grew sales by $1,318,381 to $1,944,885 in the nine-month period ended September 30, 2018 as compared to the same period of the prior year. This was due to more consistent monthly sales in Washington, as well as the commencement of sales in the California market. Product sales by the licensed entities consist of packaged flower, pre-rolled joints, packaged CO_2 oil and cannabis concentrates. The loss from operations was larger due to personnel ramp up, marketing costs and other costs incurred in the business through the development of the assets, on-going development of the business plan and professional services fees associated with the Re-Organisation, financing and public listing. Net loss is significantly increased due to the costs associated with the RTO of $15,727,799 (please refer to 'Description of the Business' section above for further details on the RTO).

The Company's total assets grew to $31,152,151 at September 30, 2018 from $21,918,468 at December 31, 2017, reflective of the Company's current focus on expansion and greenhouse development with the commissioning of the Washington facility and retro-fit work on the Bridge View facility in Delta, BC.

Inventory write-downs, have occurred in 2018 due to regular moisture loss, product deterioration and unforeseen changes made by regulators on packaging requirements made packaging obsolete. During the three and nine months ended September 30, 2018, $53,841 and $203,110 (the three and nine months to September 30, 2017: nil and nil) of inventory was written off.

Included within accounts payable is US$325,330 of unpaid invoices owed to a service provider which is currently in dispute and the Company expects to settle this amount for US$20,000.

The Company's operations continue to be funded through equity and debt financing. In January 2018, the Company received US$2,704,198 of net proceeds representing the final tranche of the 2017 private placement, which commenced in July 2017 and raised an aggregate of US$9,267,518. On July 5, 2018, ROI completed a brokered private placement offering of special warrants for aggregate gross proceeds of $11,891,165 and a concurrent non-brokered private placement for $1,355,972.

FINANCIAL REVIEW AND RESULTS OF OPERATIONS

The following summary of financial information has been derived from the Interim Financial Statements of ROI which have been prepared in accordance with IFRS.

	For the three months ended September 30,		**For the nine months ended September 30,**	
	2018	**2017** *(Restated*)*	**2018**	**2017** *(Restated*)*
	$	$	$	$
REVENUE				
Sales	**753,875**	240,079	**1,944,885**	626,504
Cost of sales	**(841,133)**	(228,722)	**(1,738,006)**	(604,684)
Loss on inventory write-off	**(53,841)**	—	**(203,110)**	—
Gross profit (loss)	**(141,099)**	11,357	**3,769**	21,820
EXPENSES				
Consulting, salaries and wages	**1,193,292**	454,195	**2,782,114**	1,532,991
Professional fees	**632,712**	167,286	**1,687,072**	344,657
Share-based compensation	**828,871**	277,235	**1,096,758**	1,245,811
General and administrative expenses	**63,156**	115,578	**1,067,258**	259,506
Sales and marketing expense	**312,788**	51,676	**842,577**	247,650
Rent	**66,091**	69,484	**215,276**	170,959
Travel expenses	**87,614**	17,599	**200,008**	120,318
Investor relations	**167,385**	—	**167,385**	—
Amortization of intangibles	**31,297**	—	**154,625**	—
Insurance	**22,382**	11,572	**129,984**	31,552
Depreciation	**39,032**	35,189	**121,595**	113,313
Property taxes	**40,643**	3,389	**103,467**	4,403
Information technology expense	**13,553**	8,188	**69,498**	14,425
	3,498,816	1,211,391	**8,637,617**	4,085,585
Loss from operations	**(3,639,915)**	(1,200,034)	**(8,633,848)**	(4,063,765)
OTHER EXPENSE				
Interest on loans	**35,573**	1,711	**100,305**	12,130
Realized foreign exchange	**(171,439)**	(15,909)	**(11,350)**	(11,555)
Impairment of land	—	—	**751,781**	—
Reverse takeover costs	—	—	**15,727,799**	—
	(135,866)	(14,198)	**16,568,535**	575
Loss before income tax	**(3,504,049)**	(1,185,836)	**(25,202,383)**	(4,064,340)
Income tax expense	**—**	1,076	**—**	5,985
Net loss	**(3,504,049)**	(1,186,912)	**(25,202,383)**	(4,070,325)
Exchange rate differences on translation of foreign operations	195,588	553,398	199,970	1,097,586
Total comprehensive loss	**(3,308,461)**	(633,514)	**(25,002,413)**	(2,972,739)
Basic and diluted loss per share	**(0.11)**	(0.04)	**(0.77)**	(0.15)
Weighted average shares	**33,129,930**	27,851,349	**32,698,516**	27,028,604

**The Company changed its presentation currency to Canadian dollars ($).*

Sales in Canada relate to project consulting services provided to a greenhouse construction firm for $170,939 and lease revenue from the blueberry farm at the Bridge View facility for $5,000. Sales in Washington relate to the sale of Doctor & Crook Co.™ branded cannabis product. As mentioned above in '*Description of the Business',* in Q3 2018, the Company began to reduce sales of flower and pre-roll products, instead focusing production and sales efforts on oil which generates stronger margins for Vega.

Sales in California relate to the sale of 1964 Supply Co.™ branded cannabis products to distributors up until KG Inc.'s license expiry on August 15, 2018. From August 16, 2018, sales related exclusively to 1964 Supply Co.™ branded packaging sales to CMX. During the third quarter, due to issues sourcing quality cannabis flower at reasonable prices, the Company was not able to fulfill all its orders in California. The Company is working with CMX to secure its value chain to ensure that orders can be filled consistently with quality flower. At this stage in California, the Company is focused on providing a reliable and quality consumer experience of the 1964 Supply Co™ brand. The Company has taken the view that it is imperative to get brand awareness, product consistency and the brand on shelves or e-commerce sites and thus gross margins are impacted (discussed below).

Cost of goods sold includes the cost of moisture loss and normal product loss from trimming which can average between 15-25% depending on the SKU (boxed flower relative to pre-rolls has lower processing and more trim) and the quality of flower input bought. The Company's overall product loss is on the lower end of this range in the nine months ended September 30, 2018. Further, in the packaging process, the Company packages slightly higher weight of flower product than the weight listed on the packaging to ensure customer satisfaction.

In Washington in the third quarter, gross margin was negatively impacted by the sale of flower at discounted prices. This was to reduce flower inventory levels as the focus of the business switched to oil production. Overall gross margin was around 5% (prior to inventory write-offs). Margins are expected to improve in Q4 2018 with the oil focused operations.

In California from July 2018, the new state guidelines were enforced making it more difficult to source reasonably priced, high quality, compliant flower. The gross margins (prior to inventory write offs) were squeezed to just over 1% with the flower sourcing issues coupled with the on-boarding of new distributors taking 24% of revenue. This gross margin squeeze is viewed as a short-term issue as the Company works with CMX to streamline the value chain. The trend of single digit margin will likely continue for the remainder of 2018 given the distribution model, but the Company is actively managing the value chain and expects to see double digit gross margin in 2019. Any positive cashflows in 2019 are expected to be reinvested into brand building making the California operation net neutral on cashflow.

Unusually large inventory write-downs occurred to date in 2018 consistent with the industry trends as a whole with product deterioration and unforeseen changes made by regulators on packaging requirements making packaging obsolete.

Operating expenses have increased year-over-year with the ramp-up of operations, including the build-out of teams operating in three jurisdictions (California, Washington and Canada) and brands launched in two markets. Consulting, salaries and wages costs also increased significantly, as headcount has increased with the expansion planned for 2018 to deliver on the business plan. Other significant costs include general and administrative costs and sales and marketing expenses, due to increased activity and business development at Bridge View, in Washington and in California. Significant professional fees were incurred in relation to the Re-Organisation, financing and public listing preparation. The Company anticipates that salaries expenses will continue to increase through 2018 with the expansion of the corporate office and sales and operational teams in each jurisdiction. Marketing costs throughout 2018 are also likely to increase as a result of increased marketing efforts in each jurisdiction.

Other expenses have increased significantly, due to the costs associated with the RTO (please refer to the 'Description of the Business' section above for further details on the RTO).

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 three and nine months ended September 30, 2018, the impact of the foreign currency translation differences was a comprehensive gain of $195,588 and $199,970 (September 30, 2017 – $553,398 and $1,097,586).

SUMMARY OF QUARTERLY RESULTS

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

	2018			**2017 (Restated)**				**2016 (Restated)**
(C$000's)	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**
Sales	754	674	517	257	239	198	187	129
Net Loss	(3,504)	(19,127)	(2,571)	(1,803)	(1,140)	(1,730)	(1,178)	(1,456)
Shares outstanding	33,153	32,735	32,735	31,000	28,177	27,561	26,507	26,463
Profit (loss) per share	($0.11)	($0.58)	($0.08)	($0.06)	($0.04)	($0.06)	($0.04)	($0.06)

The consolidated financial statements for the years ended December 31, 2017 and 2016 are the Company's initial financial reporting as a reporting issuer. The information provided for the quarters included in those periods are provided to offer insight to the readers of this MD&A to show the growth in the Company, increased activity and financing.

The Company commenced sales in Washington Q3 of 2016 and they have consistently grown since. In Q3 2018, Doctor & Crook Co.™ sales decreased as the Company shifted its focus away from flower and pre-roll products to oil which will generate stronger margins. In Q3 2017, the Company commenced sales of 1964 Supply Co.™ branded packaging in California on a pilot scale. Both Washington and California operations were in and remain in pilot scale during this time. The net loss of the business has grown as the team and activity of the Company has grown with expansion of the California and Canadian teams in 2017, increased professional services being obtained and the impact of share-based payment expense (non-cash) on the quarterly results. For Q3 2018, refer to the results analysis under '*Financial Review and Results of Operations*'.

LIQUIDITY

As at September 30, 2018, the Company had cash available of $2,544,861 (December 31, 2017: $2,921,051) and positive working capital of $1,110,124 (December 31, 2017: positive $1,054,488). The Company remains in start-up operations as it launches brands in Washington and California and prepares for licensing in Canada. Operating activities in the nine months ended September 30, 2018 used $6,682,775 (September 30, 2017 used: $735,538) largely driven by the costs associated with the RTO, and operating expenses as described above.

The most significant costs in the first nine months of 2018 related to the non-cash transaction associated with the RTO totalling $15,727,799 (September 30, 2017: nil), and the investment in property, plant and equipment primarily for the retro-fit of the Bridge View facility totaling $7,016,123.

During the nine months ended September 30, 2018, the Company received $15,291,222 in net proceeds from financings as compared to $7,719,571 in the same period in 2017.

The Company's historical operations and development have principally been funded through debt and the sale of securities. As described above, the Company is in active discussions with several lenders negotiating terms for a debt facility on its Washington greenhouse asset. As the Washington greenhouse is fully paid for, is now licensed by the LCB, and expects positive cashflows in 2019, the Company plans to fund the wider business by leveraging this asset. A debt facility is expected to be in place by the end of 2018. The Company is also assessing various financing options including the issuance of equity or debt to fund the ongoing operations of the Company. However, there can be no assurance that the Company will be able to obtain such additional funding or obtain it on acceptable terms. The consolidated financial statements do not give effect to any adjustment which would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the consolidated financial statements. While there can be no assurance of continued ability to raise funds, management of the Company ("Management") anticipates success and cash profitability of the business through the production and sale of cannabis products in the next twelve months.

CAPITAL RESOURCES

The Company has the following contractual obligations as at September 30, 2018:

(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]	4,459	234	704	469	3,052
Operating leases[2]	68	68	-	-	-
Capital lease	87	13	58	16	-
Total contractual obligations	**4,614**	**315**	**762**	**485**	**3,052**

[1] Relates to the Delta Facility Mortgage. Includes principle and interest obligations
[2] Operating leases relate to rental of Washington extraction facility, California distribution facility and office and the Vancouver head office.

The Company expects to settle these contractual obligations through funds from revenue and existing cash.

With the retrofits completed to the date of these financial statements, the Delta Facility is currently ready to begin cultivation once the License to Cultivate is received from Health Canada. As such, the remaining capital required to optimize the Delta Facility will be financed through operating cash flows, debt and equity sources.

GOING CONCERN

The Company is considered a development stage company and 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. The Interim Financial Statements were prepared on a going concern basis and assume the Company will realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred losses from inception through September 30, 2018 and, although it has begun to generate revenue during the past fiscal year, revenue is insufficient to cover the costs of operations, or to fund capital expenditures. As at September 30, 2018, the Company has an accumulated deficit of $37,393,515 and incurred a net loss of $25,202,383 for the nine months ended September 30, 2018. The Company's ability to continue as a going concern is dependent upon its ability to grow its revenue and achieve profitable operations, to liquidate assets or obtain the necessary financing to meet its near-term obligations such that it can repay its liabilities when they become due. Management believes that its current resources together with the expected debt financing described above, are 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.

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.

TRANSACTIONS BETWEEN RELATED PARTIES

In May 2018, a director of the Company provided a US$500,000 revolving credit line to the Company at a rate of 10% to be repaid on the earlier of the completion of the next equity financing or September 30, 2018. The Company drew down US$400,000 of this facility and it was fully repaid in July 2018.

In June 2018, two executive officers of the Company provided a total of $800,000 in revolving credit lines to the Company at a rate of 10% to be repaid on the earlier of completion of the next equity financing or September 30, 2018. The Company drew down $500,000 from these facilities. The officers were fully repaid in July 2018.

As at September 30, 2018, $162,874 (December 31, 2017: $135,132) was owed to officers of the Company for expenses paid on behalf of the Company in the normal course of operations.

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. Key management personnel compensation was comprised of:

	For the nine months ended	
	September 30, 2018	September 30, 2017 (restated)
	$	$
Salaries	555,291	421,194
Share based compensation	491,057	448,838
	1,046,348	**870,032**

OUTSTANDING SHARE DATA

The Company's authorized share capital consists of an unlimited number of ROI Common Shares without par value. As at November 29, 2018 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	52,000	US$2.00
Expiring – July 31, 2023	2,417,500	$3.25
Expiring – September 24, 2023	15,000	$3.25
Expiring – September 24, 2023	350,000	$8.15
Total Stock Options	5,178,500	
Warrants	2,038,009	$4.20
Broker Warrants	183,431	$3.25
Restricted Share Units	50,000	
Fully Diluted Shares Outstanding	**44,261,365**	

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Interim 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 Interim 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 3 of the audited consolidated Financial Statements for the year ended December 31, 2017, to be the most critical in understanding the judgments that are involved in the preparation of the Company's Interim Financial Statements and the uncertainties that could impact its results of operations, financial condition and cash flows.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Functional and Presentation Currency:

Effective January 1, 2018, the Company changed its presentation currency from United States Dollars ("**US$**") to Canadian Dollars ("**$**"). The change in presentation currency is to better reflect the Company's business activities and to improve comparability of the Company's financial results with other publicly traded cannabis companies.

In making the change to the Canadian dollar, the Company followed the guidance in IAS 21 *The Effects of Changes in Foreign Exchange Rates* ("**IAS 21**") and has applied the change retrospectively as if the new presentation currency had always been the Company's presentation currency.

Following this change in accounting policy, the comparative balances in the interim condensed consolidated financial statements are represented in $ using the procedures outlined below:
- All assets and liabilities have been translated from their functional currency into the new $ presentation currency using the applicable closing exchange rate;
- Income and expenses for each statement of comprehensive loss presented have been translated at average exchange rates prevailing during each reporting period;
- Equity balances have been retrospectively translated at historical rates prevailing during the period incurred and
- All resulting exchange differences have been recognized in other comprehensive income.

The functional currency of ROI and West Coast Marketing Corporation has changed from US$ to $ effective from July 1, 2018. The change in functional currency was determined based on the following factors:
- Restructuring of the Company to have a Canadian parent company which raised funds in Canadian dollars;
- Significant increase of Canadian operations and therefore, increased Canadian dollar spend
- Increase in Canadian dollar salaries from increased hiring in the corporate function.

This change is accounted for prospectively from this date.

During the period ended September 30, 2018 the following standards came into effect:

- IFRS 9 – *Financial Instruments* ("**IFRS 9**")

The Company has adopted IFRS 9 effective January 1, 2018. The final version of IFRS 9 brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of IFRS 9. It eliminates the existing IAS 39 categories of held to maturity, available-for-sale and loans and receivable. Financial assets will be classified into one of two categories on initial recognition, financial assets measured at amortized cost, or financial assets measured at fair value.

The Company will continue to hold all loans and other liabilities at amortized cost and cash and investments at fair value through profit or loss. However, the Company will no longer be able to apply the cost exception for certain investments previously permitted under IAS 39. The Company has elected not to restate prior period numbers.

Financial Instruments	Classification under IAS 39	Measurement under IAS 39	Measurement under IFRS 9
Accounts receivable	Loans and receivables	Amortized cost	Amortized cost
Accounts payable	Other financial liabilities	Amortized cost	Amortized cost
Investments	Other financial assets	Available for sale	Fair value through profit or loss

The Company's investment in Thirty Three Health is held at fair value using level 3 inputs under IFRS 13. Management has performed an assessment of this change in policy and noted there is no financial impact on the Company's financial statements for the three and nine months ended September 30, 2018 in respect of IFRS 9.

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

IFRS 15 is effective for the Company for the three and nine months ended September 30, 2018, and replaces IAS 11, Construction Contracts; IAS 18, Revenue; IFRIC 13, Customer Loyalty Programmes; IFRIC 15, Agreements for the Construction of Real Estate; IFRIC 18, Transfer of Assets from Customers; and SIC 31, Revenue – Barter Transactions Involving Advertising Services. The core principle of the new standard is to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services.

The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgemental thresholds in respect of collectability of income have been introduced, which may affect the amount and/or timing of revenue recognized.

The Company has elected to apply the modified retrospective approach which requires the Company to recognize the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of retained earnings of the annual reporting period that includes the date of initial application. With no change to the amount or timing of revenue recognized, no adjustment is required under this approach.

The Company disaggregates revenue from contracts with customers according to the geographic location of the revenue.

- IFRS 2 – *Share-based payments* ("**IFRS 2**")

IFRS 2 has been amended to address (i) certain issues related to the accounting for cash settled awards, and (ii) the accounting for equity settled awards that include a "net settlement" feature in respect of employee withholding taxes.

The standard requires entities to recognise all share-based payment awards in the financial statements based on fair value when the goods and services are received, which is determined at the grant date for share-based payments issued to employees. The Company does not have any cash-settled share-based payment transactions, nor share-based payment transactions with cash alternatives. For equity-settled awards, the Company measures the fair value of goods or services received and recognises a corresponding increase in equity. If the Company cannot reliably estimate the fair value of the goods or services received, the Company must measure its fair value indirectly using the fair value of the equity instruments granted.

This new standard does not bring about any changes to the financial position or performance of the Company other than additional disclosure.

The following standards have been issued, but are not yet effective:

- IFRS 16 – *Leases* ("**IFRS 16**")

In January 2016, the IASB issued IFRS 16, which specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019, and a lessee shall either apply IFRS 16 with full retrospective effect or, alternatively, not restate comparative information but recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application.

The impact on the Company's Interim Financial Statements of adopting this standard has not yet been determined.

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	Fair value through profit or loss
Accounts receivable and other assets	Loans and receivable
Due from related parties	Loans and receivable
Accounts payable and accrued liabilities	Other liabilities
Promissory note payable	Other liabilities
Due to related party	Other liabilities
Mortgage	Other liabilities
Investment	Fair value through profit or loss

The fair values of accounts receivable, amounts due from related parties, accounts payable and accrued liabilities, promissory note payable, and amounts due to a related party approximate their carrying amounts due to the short-term maturity of those instruments. All of these financial instruments have been incurred in the normal course of operations.

The mortgage was incurred to fund the purchase of Bridge View in 2017. During the three and nine months ended September 30, 2018 the Company incurred interest on the loan of $35,336 and $100,305 (September 30, 2017 – nil). Principle payments for the mortgage started in June 2018 and at September 30, 2018 totalled $29,563.

	Total $
Balance, December 31, 2017	3,000,000
Principle payments	29,563
Balance, September 30, 2018	**2,970,437**
Less: current portion	101,009
Long term	**2,869,428**

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 primarily associated with cash and accounts receivable. The carrying amount of this asset included on the Interim Financial Statements represents the maximum credit exposure. The Company limits exposure to credit risk by maintaining its cash with institutions of high credit worthiness. The Company's largest receivable balance is with CMX and management is in the process of assessing the recoverability of this receivable.

Institution	$
National banks	2,459,810
Money management service	85,051

$	Total	0-30 Days	31- 60 Days	61- 90 Days	90 + Days
Trade receivables	341,152	—	162,792	351	178,009

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 additional common shares to ensure that there is cash available for its programs.

All current liabilities, being accounts payable and accrued liabilities, taxation payable, the current portion of the mortgage payable and amounts payable to related parties, are payable within a 90-day period and are to be funded from cash. Long term liabilities consist of the mortgage payable.

Interest rate risk

Interest rate risk for the Company is that interest rate fluctuations might impair the Company's viability. Interest rate changes have the ability to impact our mortgage repayments. A 1% change in interest rate would result in a $30,000 change in interest payments per annum.

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 (Euros and United States dollars) or one of its subsidiaries conducting the business. Foreign currency transactions are exposed to currency risk due to fluctuations in foreign exchange rates.

For the three and nine months ended September 30, 2018 the Company was exposed to currency risk through the following assets and liabilities denominated in US$:

		September 30, 2018		**September 30, 2017 (Restated)**
Cash		272,825		688,657
Accounts payable and accrued liabilities		(1,091,473)		(1,394,419)
	US$	**(818,648)**	**US$**	**(705,762)**

For the three and nine months ended September 30, 2018 the Company was exposed to currency risk through the following assets and liabilities denominated in Euros ("**EUR**"):

		September 30, 2018		**September 30, 2017 (Restated)**
Cash		—		—
Accounts payable and accrued liabilities		(11,220)		(90,503)
	EUR	**(11,220)**	**EUR**	**(90,503)**

A 10% change of the US$ against the C$ at September 30, 2018 would have decreased net loss by $105,974 (September 30, 2017: $88,079) or increased net loss by $105,974 (September 30, 2017: $88,079). A 10% change of the EUR against the C$ at September 30, 2018 would have decreased the net loss by $679 (September 30, 2017: $5,581) or increased net loss by $830 (September 30, 2017: $6,821).

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.

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, the mortgage, 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 three and nine months ended September 30, 2018.

Investment in Thirty Three Health

On March 15, 2017, the Company entered into a simple agreement for future equity ("**SAFE**") with Thirty Three Health. As at September 30, 2018, the SAFE was valued at $129,450 (December 31, 2017: $125,450). The Company is entitled to certain shares of Thirty Three Health's capital stock, subject to certain events. Thirty Three Health owns the California brand and operations for cannabis chocolatier brand Défoncé.

In the event that Thirty Three Health has an equity financing before the expiration of this instrument, the Company will automatically be awarded equity from that round. In the event that Thirty Three Health has a liquidity or dissolution event the Company will be paid out at least the value of its investment. The instrument will expire and terminate upon either (i) the issuance of stock to the Company or (ii) the payment of amounts due to the Company.

This investment is carried at its fair value under IFRS 9 using level 3 inputs permitted under IFRS 13. As at September 30, 2018, this SAFE had not been subject to any of the events described above and therefore is still in place.

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. As at September 30, 2018, the SAFE was valued at US$100,000 (December 31, 2017: US$100,000).

Other than with respect to the investment in Thirty-Three Health, it has been determined that no significant assumptions have been made in determining the fair value of financial instruments at September 30, 2018.

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. As such, the Company is dependent upon external financings 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. 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 and nine months ended September 30, 2018.

RISKS AND UNCERTAINTIES

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 elsewhere in the Company's prospectus dated October 2, 2018, including the documents incorporated by reference therein. The risks and uncertainties 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. For further information with respect to risks affecting the Company and its operations, please refer to the section entitled "*Risk Factors*" within the Prospectus to which this MD&A is appended.

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.

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.

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