Harvest One Cannabis Inc.

Management's Discussion and Analysis

For the three and nine months ended March 31, 2019

INTRODUCTION

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited condensed consolidated interim financial statements and related notes thereto of Harvest One Cannabis Inc. ("Harvest One" or "us" or "we" or "our" or the "Group" or the "Company") for the three and nine months ended March 31, 2019 and the audited annual consolidated financial statements for the year ended June 30, 2018, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in Canadian dollars unless otherwise stated. This MD&A has been prepared as of May 30, 2019 and includes certain statements that may be deemed "forward-looking statements".

FORWARD LOOKING STATEMENTS

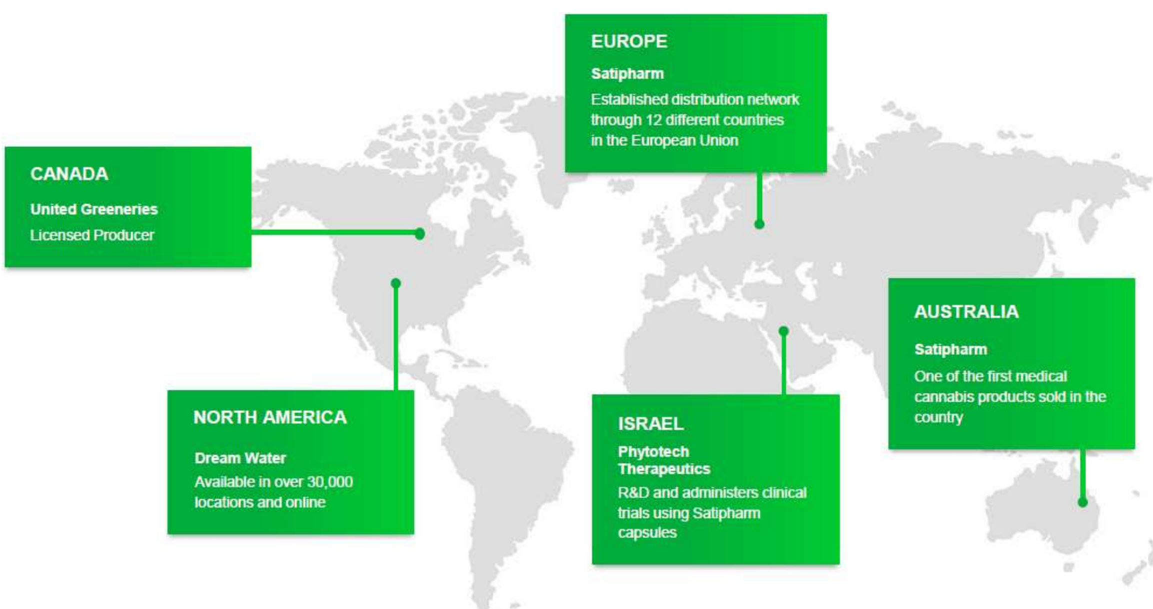
Certain statements contained in this MD&A constitute forward-looking statements and forward-looking information (collectively, "Forward-Looking Statements") and the Company cautions investors about important factors that could cause the Company's actual results to differ materially from those expressed, implied or projected in any Forward-Looking Statements included in this MD&A. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "will likely result", "are expected to", "expects", "will continue", "is anticipated", "anticipates", "may", "could", "believes", "estimates", "intends", "plans", "forecast", "projection" and "outlook") are not historical facts and may be Forward-Looking Statements that involve projections, estimates, assumptions, known and unknown risks and uncertainties which could cause actual results or outcomes to differ materially from those expressed in such Forward-Looking Statements or otherwise be materially inaccurate. No assurance can be given that these expectations or assumptions will prove to be correct and such Forward-Looking Statements included in this MD&A should not be unduly relied upon. These Forward-Looking Statements speak only as of management's beliefs and expectations as of the date of this MD&A and will be updated only as required by applicable securities laws. Accordingly, any such statements are qualified in their entirety by reference to the information discussed throughout this MD&A.

Certain of the Forward-Looking Statements and forward-looking information relating to the medical and recreational cannabis industry contained within this MD&A are based on third-party information from publicly available government sources, market research and industry analysis. While Harvest One is not aware of any misstatement regarding any industry or government data presented herein, Harvest One has not independently verified any such third party information.

The medical and recreational cannabis industry involves risks and uncertainties that may change based on various factors. The Company's Forward-Looking Statements are expressly qualified in their entirety by this cautionary statement. In particular, but without limiting the foregoing, disclosure in this MD&A under the heading "Business Overview" as well as statements regarding the Company's objectives, plans, goals, future operating results, economic performance and patient acquisition efforts may make reference to or involve Forward-Looking Statements. See the discussion under the heading "Risks and Uncertainties" for further details.

The Company cautions that the list and description of the Forward-Looking Statements, risks, assumptions and uncertainties set out above is not exhaustive.

BUSINESS OVERVIEW



Harvest One is a global cannabis company that develops and provides innovative health, wellness, and self-care products to consumers and patients in regulated markets around the world. The Company is based in British Columbia ("BC"), Canada and its common shares (the "Common Shares") are listed on the TSX Venture Exchange ("TSX-V") under the symbol "HVT" and on the OTCQX® Best Market operated by OTC Market Group ("OTCQX") under the symbol "HRVOF".

Harvest One is a global house of brands through its wholly-owned subsidiaries: United Greeneries Ltd. ("United Greeneries"), a Canadian Licensed Producer of cannabis; Satipharm Limited ("Satipharm") and PhytoTech Therapeutics Ltd. ("PhytoTech"), both under the Group's medical and nutraceutical arm; and Dream Water Global ("Dream Water"), the Group's consumer arm. The Company also has exposure to the retail vertical through its investment in Burb Cannabis Corp. ("Burb").

The Company's cultivation segment was enhanced with the recent 50.1% acquisition of Greenbelt Greenhouse Ltd. ("Greenbelt"). Furthermore, the Group's consumer arm will be enhanced upon the closing of the acquisition of Delivra Corp. ("Delivra"), a Canadian-based manufacturer of natural topical pain relief creams (the "Delivra Acquisition"). It is currently anticipated that the Delivra Acquisition will be completed in the second quarter of calendar 2019.

Cultivation

United Greeneries is licensed to produce and sell cannabis under the Cannabis Act (the "Act") in the medical and adult-use markets. United Greeneries originally received its licence to cultivate medical cannabis under the Access to Cannabis for Medical Purposes Regulations ("ACMPR") on June 28, 2016, and on October 13, 2017 received an amendment to its licence to allow for the sale of medical cannabis products to the public. This licence has been migrated to a valid, equivalent license under the Act to allow for the sale of cannabis in the adult-use market in addition to medical cannabis products.

Greenbelt owns a 152,000 square foot greenhouse facility (the "Greenbelt Facility") which will primarily be dedicated to production that will support the Company's expanding cannabis-infused health, wellness, and self-care products. Greenbelt has an application pending with Health Canada for a standard cultivation licence and a standard processor licence under the Act.

Medical and Nutraceutical

Satipharm is an international medical cannabis brand focused on oral delivery technologies, currently servicing the European and Australian markets, and expanding distribution into New Zealand and Asia where and when legal. Satipharm holds the exclusive global marketing and distribution rights to the Gelpell® Microgel technology for all cannabis related products.

PhytoTech develops cannabinoid-based drug products for a variety of clinical trials to service the medical market. PhytoTech was also responsible for administrating the successful clinical trials using Satipharm's proprietary Gelpell® capsules.

Consumer

Dream Water focuses on sleep aids in a variety of formats and formulations and is available in 30,000 stores across the United States ("US") and Canada.

Upon completion of the Delivra Acquisition, Delivra will form part of the Company's consumer products segment through the manufacture and sale of a range of natural topical creams for joint and muscle pain, nerve pain, varicose veins, and wound healing under the LivRelief™ brand name.

Retail

Burb is a BC-based cannabis retail and apparel brand that sells cannabis, accessories and fashion in its licensed brick and mortar stores as well as online at shopburb.com. Burb opened its flagship store in April 2019 in Port Coquitlam, BC.

Our Brands

United Greeneries' currently offers multiple SKUs through two consumer brands: (1) Royal High™, a premium cannabis brand featuring a full bud product, grown, harvested, and hand selected by our team of cannabis experts; and (2) Captain's Choice™, a unique milled and blended product crafted to give the best possible taste for value. Royal High™ and Captain's Choice™ is currently available for purchase through retail outlets across BC, with Royal High™ also being available to purchase through retail outlets across Saskatchewan, Manitoba and Ontario. The Company continues to focus on establishing its brand within the ever-expanding adult-use cannabis market.

Satipharm's current products are CBD only products, sold as CBD Gelpell® microsphere capsules ("CBD capsules"). Satipharm's CBD capsules utilize cannabis extracts acquired from both Switzerland and Luxembourg based GMP-certified production facilities.

Dream Water currently has two distinct product lines: relaxation and beauty. Each of the lines is carefully designed to offer a different experience for the consumer based on their lifestyle. The Dream Water formula is flexible and can be formulated into a variety of delivery methods beyond liquids. Dream Water was recently NSF-certified for sport programs which allows the Company to sell products to professional sport teams and athletes who undertake drug testing.

KEY FINANCIAL RESULTS

Select Financial Information	For the three months ended March 31 2019 $	2018 $[(1)]	For the nine months ended March 31 2019 $	2018 $[(1)]
Net revenue	**3,022,505**	33,003	**8,443,578**	212,287
Gross profit	**207,320**	1,144,618	**1,912,884**	824,070
Expenses	**5,308,354**	2,509,303	**16,058,812**	6,570,536
Loss from operations	**(5,101,034)**	(1,364,685)	**(14,145,928)**	(5,746,466)
Net loss	**(5,130,844)**	(2,424,609)	**(14,257,886)**	(7,655,137)
Net loss per share – basic and diluted	**(0.03)**	(0.02)	**(0.08)**	(0.07)
Weighted average number of Common Shares	**182,215,534**	139,021,262	**177,789,938**	105,949,749
Adjusted EBITDA[(2)]	**(3,302,276)**	(2,171,830)	**(9,681,268)**	(5,748,638)

(1) Certain expenses for the three and nine months ended March 31, 2018 were reclassified as described in note 2(d) in the condensed consolidated interim financial statements.

(2) Defined as loss from operations before interest, taxes, depreciation and amortization adjusted for additional fair value items and other non-cash items, which is a non-GAAP measure discussed in the "Adjusted EBITDA" section.

Select Statements of Financial Position Information	March 31 2019 $	June 30 2018 $
Cash	**29,548,388**	56,845,541
Biological assets	**1,014,838**	904,017
Inventories	**6,301,524**	4,743,966
Other working capital	**(182,104)**	(1,438,179)
Non-current assets	**69,011,601**	43,856,387
Equity	**105,512,915**	104,911,732

SIGNIFICANT AND RECENT DEVELOPMENTS

Expanded Distribution

a) *Shoppers Drug Mart Supply Agreement*

In March 2019, the Company announced that United Greeneries entered into an agreement to become a medical cannabis supplier to Shoppers. Shoppers is Canada's largest retail pharmacy chain with a network of 1,300 locations. Under the terms of the agreement, United Greeneries will supply Shoppers with Satipharm branded medical cannabis products. Satipharm will be available in a continuum of products, each colour coded to indicate their place on the progression from the high THC of SatiWhite™ to the high CBD of SatiPurple™. At launch, United Greeneries will produce and ship an Indica variety of SatiSilver™ and a hybrid variety of SatiGreen™.

SatiGreen h5™ SatiSilver i8™

b) *Health House Distribution Agreement*

In March 2019, Satipharm entered into an agreement to become a supplier to the renowned medicinal cannabis wholesale and distribution business, Health House International Pty Ltd ("Health House"). Health House is one of the major wholesalers to Australian pharmacies for medical cannabis. Under the terms of the agreement, Satipharm will supply Health House with Satipharm CBD 50mg Gelpell® capsules, who will then distribute Satipharm's medical cannabis products to their existing network of pharmacies while also supporting healthcare professionals with Satipharm product information. The product will continue its availability in Australia, while expanding distribution to New Zealand and Asia where and when legal.

c) *Walmart and Kroger Supply Agreement*

In March 2019, Dream Water entered into supply agreements with major retailers Walmart US and Kroger to further increase the availability of its product across North America. In addition, Dream Water launched a new packaging design and new marketing programs for the 2019 calendar year. The focus will be providing an easy to understand value proposition and a dedication to education.

Acquisitions

a) *Pending Acquisition of Delivra*

On March 3, 2019, the Company entered into a definitive Arrangement Agreement (the "Delivra Agreement") to acquire all of the issued and outstanding common shares of Delivra. Delivra shareholders will receive 0.595 of a Common Share of Harvest One for each Delivra common share. Based on the closing trading price of Harvest One's Common Shares on the TSX-V on March 1, 2019, the implied value equates to approximately $0.39 per Delivra common share and represents a total equity consideration of approximately $19 million.

Concurrently with the execution of the Delivra Agreement, (i) Harvest One provided Delivra with a loan in the amount of $250,000, bearing interest at a rate of 6% per annum and having a one-year term, and (ii) Harvest One and Delivra have entered into a services agreement in the amount of $250,000, pursuant to which Delivra will provide Harvest One with certain product formulations.

On May 28, 2019, Delivra announced shareholder approval of the Delivra Agreement. It is currently anticipated that, subject to receipt of all regulatory, court, and other approvals, the Delivra Acquisition will be completed in the second quarter of calendar 2019.

b) Acquisition of Greenbelt

On March 29, 2019 the Company acquired an initial 52% interest in Greenbelt for a total purchase price of $6,595,520 (the "Greenbelt Acquisition"). The purchase price was comprised of $3,250,000 in cash and 3,521,600 common shares using the closing price of the Company's Common Shares on March 29, 2019.

This strategic acquisition will supply Harvest One with high quality greenhouse grown cannabis from Greenbelt's 152,000 square foot facility which will primarily be dedicated to Harvest One's expanding cannabis-infused health, wellness, and self-care products under the Dream Water and Satipharm brands, and expanding products resulting from the acquisition of Delivra, following the closing of that transaction. In addition to the greenhouse, the Greenbelt facility also has a 42,000 square foot packhouse with the anticipated use as a future extraction and processing facility. Greenbelt has an application pending with Health Canada for a standard cultivation license and a standard processor license under the regulators issued under the Act (the "Cannabis Regulations").

Contemporaneous with Harvest One's investment, Greenbelt raised an additional $1,000,000 of equity from outside investors. The proceeds from Harvest One's investment ($3,250,000) and from the outside investors ($1,000,000) has been used to retire indebtedness in full owing to existing lenders to Greenbelt and to payout certain equipment leases, with the balance of proceeds being used for working capital purposes. After completion of the Greenbelt Acquisition, Harvest One held 52% of the outstanding shares of Greenbelt. Since the closing of the Greenbelt Acquisition, Harvest One's interest has been diluted to 50.1% by the planned issuance of additional equity by Greenbelt.

In addition to the foregoing, Harvest One entered into a loan facility agreement with Greenbelt dated March 29, 2019, pursuant to which Harvest One agreed to provide a secured bridge loan facility to Greenbelt of up to $3,500,000 bearing interest of 4.5% per annum over a one-year term. Under the loan facility, Greenbelt may draw down funds for the purpose of completing the planned retrofit of Greenbelt's greenhouse facility.

In connection with the Greenbelt Acquisition, Harvest One's wholly-owned subsidiary, United Greeneries and Greenbelt have also entered into an offtake agreement dated March 29, 2019, pursuant to which United Greeneries will be entitled to purchase a minimum of 50% of the offtake from Greenbelt's harvest production following Greenbelt's licensing. The offtake agreement is perpetual in nature and provides United Greeneries with agreed minimum volumes at preferential pricing for the first five years of production and, thereafter, at the then current market rates.

Product Development

a) Launch of Reformulated CBD Capsules

Satipharm recently finalised the formulation of a new Gelpell® capsule utilising a full spectrum extract of Cannabis sativa L to meet the amended requirements of the European Food Safety Authority ("EFSA"). In January 2019, Satipharm began the sale of 10 mg full spectrum CBD Gelpell® online.

Listing Activity

a) OTCQX Listing

In January 2019, the Common Shares began trading on OTCQX under the symbol "HRVOF". The OTCQX is for established, investor-focused US and international companies. To qualify for the OTCQX market, companies must meet high financial standards, follow best practices for corporate governance, demonstrate compliance with US securities law, be current in disclosure, and have a professional third-party sponsor introduction.

Facilities and Expansions

a) Duncan and Mission Road

Expansion is underway at the adjacent leased property on Mission Road and when completed it will triple the current output of the Duncan Facility to 3,500 kg annually. Initial expansion is set for 4 modules which adds an additional 2,000 square feet of cultivation area per unit and equates to an additional 600 kg per module annually. A further 13 acres is available for additional expansion.

b) Lucky Lake

The Company's 100% owned Lucky Lake Facility, located in Lucky Lake, Saskatchewan is a 65,000 square foot concrete agricultural facility sitting on 22 acres of land. Once licensed (expected in the third quarter of calendar 2019) and operational it will add an estimated 11,000 kg of production annually. Construction is expected to be complete in the third quarter of calendar 2019 with first harvest expected in the first quarter of calendar 2020. Ideally located in a historically large hemp growing region of Canada, the site offers further potential for outdoor cultivation.

c) Greenbelt

Retrofit planning has begun at the Greenbelt facility. Retrofit plans include work on the 100,000 square foot grow facility and the 42,000 square foot main building which will house phase 1 of our extraction and processing capabilities. Greenbelt has an application pending with Health Canada for a standard cultivation licence and a standard processor licence under the Act.

OUTLOOK

Cultivation

United Greeneries continues to expand its indoor growing capacity to the previously announced 20,000 kg annually in order to satisfy provincial and private retailer demand for its premium-quality craft indoor grown flower. United Greeneries has earmarked 20,000 kg of premium flower as an optimal production capacity while maintaining the ability to add additional cultivation capacity if required. A significant component to achieving 20,000 kg capacity annually is the completion of: (1) the Lucky Lake Facility in the third quarter of calendar 2019 which adds an additional 11,000 kg of capacity; (2) the Mission Road Facility modular expansion which is anticipated to add 2,500 kg of capacity by the end of calendar 2019; and (3) offtake agreements for the remaining capacity. United Greeneries is in advanced discussions with several parties in Ontario to secure the balance of the 20,000 kg. United Greeneries also intends to develop artisanal products for the next phase of legalization such as edibles and cannabis extracts.

As a component of Harvest One's product development strategy, the Company will also conduct R&D to support the expansion of its product lines including potentially additional health and wellness products, beverages, vape pens, and nutraceuticals using cannabis oil derivative products. In addition, the acquisition of Greenbelt will allow the Company to add additional capacity for extraction purposes, as the 42,000 square foot headhouse will be an ideal location for future extraction and processing. The significance of these products is reflected in the more developed markets in the US where raw flower makes up less than half of the products sold.

Medical and Nutraceutical

Satipharm launched its reformulated 10 mg full spectrum CBD Gelpell® capsules online in the UK and EU where regulations allow and will continue to ramp up sales online and through brick and mortar distribution. In fiscal 2020 and future years, Satipharm intends to expand its product offering and is currently developing new cannabis-based medical and nutraceutical products. Examples of potential new products are shown below:

Pro-Nanosphere Softgel | **Rapid Dose Oral Spray** | **Cannabis Oil** | **Topical Cream** | **Vape Pen**

Consumer

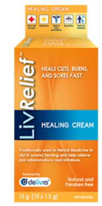
Dream Water continues to think forward with respect to international compliant formulas and line extensions in both the sleep-aids and CBD markets with focused lines of products with multiple delivery mechanisms for both categories. Dream Water has established a full cannabis-based product development program to include CBD in liquid suspension product lines for the Canadian recreational market, subject to applicable regulatory approvals. With the recent passage of the Farm Bill in the US, Dream Water is currently formulating a hemp-sourced CBD product to launch throughout its distribution chain in regulated markets in the US in fiscal 2020. Examples of potential new products are shown below:

Dream Water Defense | **Dream Water Vitality** | **Dream Water Sport** | **Dream Water +CBD**

The anticipated acquisition of Delivra will immediately add revenue to the Company though its existing distribution with major retailers across Canada. The Company intends to commence sales to US markets and formulations are underway to integrate CBD and THC formulations into existing product lines.

Pain Relief Creams

Varicose Vein Cream



Healing Cream

Retail

Following the opening of its flagship store in April 2019, Burb's second store is anticipated to open in August 2019 in Port Coquitlam. An additional eight stores are planned in BC by the end of the 2021 calendar year with subsequent expansion across Western Canada.

FINANCIAL REVIEW

The Company operates in three reportable segments: Cultivation (United Greeneries), Medical and Nutraceutical (Satipharm and PhytoTech), and Consumer (Dream Water). The following is a break-down of the gross profit (loss) by segment for the three and nine months ended March 31, 2019:

	For the three months ended March 31, 2019				For the three months ended March 31, 2018			
	Cultivation $	Medical and Nutraceutical $	Consumer $	Total $	Cultivation $	Medical and Nutraceutical $	Consumer $	Total $
Net revenue	**1,928,574**	**11,262**	**1,082,669**	**3,022,505**	951	32,052	–	33,003
Cost of sales:								
Production costs	**659,594**	**–**	**–**	**659,594**	669,678	–	–	669,678
Inventory expensed to cost of sales	**672,482**	**49,296**	**599,621**	**1,321,399**	–	32,086	–	32,086
Inventory write-down	**–**	**–**	**–**	**–**	–	–	–	–
Gross profit (loss) before fair value adjustment	**596,498**	**(38,034)**	**483,048**	**1,041,512**	(668,727)	(34)	–	(668,761)
Realized fair value amounts included in inventory sold	**1,519,641**	**–**	**–**	**1,519,641**	–	–	–	–
Unrealized change in fair value of biological assets	**(685,449)**	**–**	**–**	**(685,449)**	(1,813,379)	–	–	(1,813,379)
Gross profit (loss)	**(237,694)**	**(38,034)**	**483,048**	**207,320**	1,144,652	(34)	–	1,144,618

	For the nine months ended March 31, 2019				For the nine months ended March 31, 2018			
	Cultivation $	Medical and Nutraceutical $	Consumer $	Total $	Cultivation $	Medical and Nutraceutical $	Consumer $	Total $
Net revenue	**4,575,775**	**25,134**	**3,842,669**	**8,443,578**	951	211,336	–	212,287
Cost of sales:								
Production costs	**2,101,119**	**–**	**–**	**2,101,119**	1,899,591	–	–	1,899,591
Inventory expensed to cost of sales	**866,787**	**53,300**	**2,753,924**	**3,674,011**	–	192,727	–	192,727
Inventory write-down	**–**	**–**	**–**	**–**	210,000	–	–	210,000
Gross profit (loss) before fair value adjustment	**1,607,869**	**(28,166)**	**1,088,745**	**2,668,448**	(2,108,640)	18,609	–	(2,090,031)
Realized fair value amounts included in inventory sold	**3,793,089**	**–**	**–**	**3,793,089**	–	–	–	–
Unrealized change in fair value of biological assets	**(3,037,525)**	**–**	**–**	**(3,037,525)**	(2,914,101)	–	–	(2,914,101)
Gross profit (loss)	**852,305**	**(28,166)**	**1,088,745**	**1,912,884**	805,461	18,609	–	824,070

Net revenue

Revenue is comprised of sales of: (1) harvested cannabis to both the medical and adult-use markets in Canada; (2) CBD capsules in Europe and Australia; and (3) liquid sleep shots and sleep powder packets in Canada and the US. Net revenue is determined by deducting excise taxes that are included in gross revenue from cannabis sales in Canada and remitted to the provincial governments, effective October 17, 2018, when the Act went into effect.

For the three months ended March 31, 2019, net revenue increased to $3,022,505, compared to $33,003 in the same period in 2018. This 9,058% increase is due to adult-use and medical cannabis sales to the provinces of BC, Manitoba, and Ontario and retailers throughout Saskatchewan of $1,928,574 net of excise taxes and Dream Water sales of $1,082,669.

For the nine months ended March 31, 2019, net revenue increased to $8,443,578, compared to $212,287 in the same period in 2018. This 3,877% increase is due to adult-use and medical cannabis sales to the provinces and retailers noted above of $3,901,301 net of excise taxes, bulk cannabis sales to other Licensed Producers of $674,474 and Dream Water sales of $3,842,669,

The total quantity of cannabis sold, excluding bulk cannabis sales to other Licensed Producers, during the three and nine months ended March 31, 2019 was 241 kg and 490 kg (2018 – nil kg and nil kg), respectively, at an overall average price of $8.01 per gram and $7.97 per gram. As noted, the increases in kilograms sold were due to the launch of the adult-use market in Canada.

Cost of sales

Cost of sales is comprised of: (1) production costs; and (2) inventory expensed to cost of sales.

For the Cultivation segment, production costs represents the costs of growing cannabis plants including labour related costs, grow consumables, materials, utilities, facility costs, quality and testing costs, production related depreciation, and overheads. Inventory expensed to cost of sales represents packaging and other post-harvest costs.

For the Medical and Nutraceutical and Consumer segments, costs of sales relates to the deemed cost of inventory that is expensed when sold. The cost per unit is expected to decrease as economies of scale are achieved.

Cost of sales were $1,980,993 and $5,775,130 during the three and nine months ended March 31, 2019, comprised of production costs of $659,594 and $2,101,119, respectively, related to growing and harvesting cannabis plants. The remaining $1,321,399 and $3,674,011 for the three and nine months ended March 31, 2019, respectively, relate to: (1) packaging and shipping costs of cannabis products sold, (2) the cost of inventory for Dream Water liquid shots and sleep powder packets sold and (3) the cost of inventory for Satipharm CBD capsules sold.

Inventory expensed to cost of sales for the three and nine months ended March 31, 2019 contains a non-cash adjustment of approximately $73,000 in the Cultivation segment for packaging materials that no longer meet labelling standards of cannabis products under current Cannabis Regulations. In addition, included in the Consumer segment under inventory expensed to cost of sales for the nine months ended March 31, 2019, is a non-cash adjustment of approximately $468,000 related to the inventory acquired from the acquisition of Dream Water which was subsequently sold in the nine months ended March 31, 2019.

Gross margin before fair value adjustments (non-GAAP measure)

The table below outlines gross profit (loss) and gross margin before fair value adjustments for the three and nine months ended March 31, 2019 and 2018.

	For the three months ended March 31		For the nine months ended March 31	
	2019 $	2018 $	2019 $	2018 $[1]
Net revenue	**3,022,505**	33,003	**8,443,578**	212,287
Cost of sales	**1,980,993**	701,764	**5,775,130**	2,302,318
Gross profit (loss) before fair value adjustments	**1,041,512**	(668,761)	**2,668,448**	(2,090,031)
Gross margin before fair value adjustments[1]	**34%**	(2,026)%	**32%**	(985)%

(1) Gross margin before fair value adjustments is a non-GAAP measure, which is calculated by excluding non-cash fair value changes as required by IFRS. We believe that this measure provides more useful information to assess our performance operating results.

Gross margin before fair value adjustments for the three and nine months ended March 31, 2019 was 34% and 32%, respectively, compared to (2,026)% and (985)% in the same periods in 2018. The significant increase was due to an increase in revenue from cannabis sales in the adult-use cannabis market in Canada following legalization and Dream Water sales across North America, which was partially offset by an increase in cost of sales from the cost of inventory expensed when inventory is sold and production costs of growing cannabis plants.

Fair value adjustments and gross profit (loss)

Included in gross profit (loss) are two fair value adjustments which are excluded from cost of sales: (1) realized fair value amounts included in inventory sold, which relate to the fair value less cost to sell estimate per gram of cannabis sold; and (2) unrealized change in fair value of biological assets, which relates to a non-cash gain recognized based on plant growth through the pre-harvest stages.

Plants in pre-harvest stage are considered biological assets and are capitalized as inventory on the balance sheet at fair value less cost to sell at their point of harvest. Fair value estimates are based directly on the Company's selling prices for specific cannabis strains and estimated or expected selling prices to provincial crown corporations in a regulated domestic market. Costs to sell include post-harvest, trimming, fulfillment, and shipping costs.

At harvest, the biological assets are transferred to inventory at their fair value, which becomes the deemed cost for inventory. Inventory is later expensed to realized fair value amounts included in inventory sold when sold.

Gross profit (loss) decreased by $937,298 and increased by $1,088,814 during the three and nine months ended March 31, 2019, respectively, compared to the same periods in 2018. The changes were due to the factors noted above in revenue and cost of sales, as well as the unrealized change in fair value of biological assets and the realized fair value of amounts included in inventory sold discussed below.

Realized fair value amounts included in inventory sold increased by $1,519,641 and $3,793,089 for the three and nine months ended March 31, 2019, respectively, compared to the same periods in 2018. This amount comprises of the fair value less costs to sell between $6.30 to $6.45 per gram determined based on the assumptions discussed in note 6 of the condensed consolidated interim financial statements.

Unrealized change in fair value of biological assets decreased by $1,127,930 and increased by $123,424 for the three and nine months ended March 31, 2019, compared to the same periods in 2018, based on changes in the fair value less costs to sell assumptions, the number of harvests in process and the stage of plant growth through the pre-harvest stages.

Expenses

	For the three months ended March 31		For the nine months ended March 31	
	2019	2018	**2019**	2018
	$	$[(1)]	**$**	$[(1)]
Acquisition costs	**223,171**	–	**299,812**	–
Brand development and marketing	**745,100**	84,067	**1,679,530**	185,745
Depreciation and amortization	**83,671**	42,736	**269,119**	62,618
General and administration	**3,341,696**	1,654,504	**8,947,386**	4,198,507
Severance and reorganization costs	**153,874**	–	**1,346,033**	–
Share-based compensation	**760,842**	727,996	**3,170,127**	2,123,666
Terminated projects	**–**	–	**346,805**	–
	5,308,354	2,509,303	**16,058,812**	6,570,536

(1) Certain expenses for the three and nine months ended March 31, 2018 were reclassified as described in note 2(d) in the condensed consolidated interim financial statements.

Total expenses increased by $2,799,051 and $9,488,276 for the three and nine months ended March 31, 2019, respectively, compared to the same periods in 2018, primarily due to the continued ramp up of operations leading to an increase in headcount throughout the Company, the issuance of stock options, acquisition costs and an emphasis on creating brand awareness of the Company's cannabis, Satipharm and Dream Water products. The main fluctuations in expenses are as follows:

Acquisition costs

Acquisition costs increased by $223,171 and $299,812 for the three and nine months ended March 31, 2019, respectively, compared to the same periods in 2018, primarily due to the acquisition of PhytoTech, Greenbelt and the anticipated acquisition of Delivra.

Brand development and marketing

Brand development and marketing increased by $661,003 and $1,493,785 for the three and nine months ended March 31, 2019, respectively, compared to the same periods in 2018, primarily due to the Company continuing to create brand awareness of its cannabis, Satipharm, and Dream Water products. Satipharm relaunched European sales of its recently reformulated CBD capsules and Dream Water launched new packaging during the three months ended March 31, 2019.

Depreciation and amortization

Depreciation and amortization increased by $40,935 and $206,501 for the three and nine months ended March 31, 2019, respectively, compared to the same periods in 2018, primarily due to the increase in amortization of the Company's intangible assets from the acquisition of Dream Water.

General and administration

General and administration expenses increased by $1,687,192 and $4,748,879 for the three and nine months ended March 31, 2019, respectively, compared to the same periods in 2018, primarily due to the addition of members of the executive team and employees at the Vancouver head office, United Greeneries, Satipharm and Dream Water operations as well as increased professional and consulting services, insurance, rent, and investor relations activities as the Company continues to grow and expand.

Severance and reorganization costs

Severance and reorganization costs increased by $153,874 and $1,346,033 for the three and nine months ended March 31, 2019, respectively, compared to the same periods in 2018, due to a reorganization of the Senior Leadership team which resulted in severance payments of $870,000 to the former CEO and former CFO of the Company. The remainder related to other senior management changes within the Company (See *Description of Business and Recent Developments – Harvest One; Changes in Management and Directors*).

Share-based compensation

Share-based compensation increased by $32,846 and $1,046,461 for the three and nine months ended March 31, 2019, respectively, compared to the same periods in 2018, as a result of the vesting of stock options issued throughout the 2018 calendar year. Additionally, the increase in share-based compensation expense included $129,191 and $562,346 for the three and nine months ended March 31, 2019, respectively, representing the fair value of the performance appreciation rights ("PAR") issued in July 2018.

Terminated projects

Terminated projects increased by $nil and $346,805 for the three and nine months ended March 31, 2019, respectively, compared to the same periods in 2018, due to the write-off of capitalized costs in construction in progress and prepaid expenses and deposits related to: (1) the Company not proceeding with the Aldergrove site; and (2) the previously planned project on the vacant land adjacent to the Duncan Facility prior to the commencement of modular expansion on the land. (See *Description of Business and Recent Developments – United Greeneries; Terminated Projects*).

Adjusted EBITDA (non-GAAP measure)

Adjusted EBITDA is a non-GAAP measure used by management that does not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. Management defines Adjusted EBITDA as loss from operations, as reported, before interest, taxes, depreciation and amortization and adjusted for removing the share-based compensation and the fair value effects of accounting for biological assets and inventories. Management believes Adjusted EBITDA is a useful financial metric to assess its operating performance on an adjusted basis as described above.

	For the three months ended March 31		For the nine months ended March 31	
	2019 $	2018 $[(1)]	2019 $	2018 $[(1)]
Loss from operations	**(5,101,034)**	(1,364,685)	**(14,145,928)**	(5,746,466)
IFRS fair value accounting related to biological assets and inventory				
Realized fair value amounts included in inventory sold	**1,519,641**	–	**3,793,089**	–
Unrealized change in fair value of biological assets	**(685,449)**	(1,813,379)	**(3,037,525)**	(2,914,101)
	(4,266,842)	(3,178,064)	**(13,390,364)**	(8,660,567)
Depreciation and amortization (per statement of cash flows)	**203,724**	278,238	**538,969**	788,263
Share-based compensation	**760,842**	727,996	**3,170,127**	2,123,666
	964,566	1,006,234	**3,709,096**	2,911,929
Adjusted EBITDA	**(3,302,276)**	(2,171,830)	**(9,681,268)**	(5,748,638)

(1) Certain expenses for the three and nine months ended March 31, 2018 were reclassified as described in note 2(d) in the condensed consolidated interim financial statements.

For the three and nine months ended March 31, 2019, Adjusted EBITDA decreased by $1,130,446 and $3,932,630, compared to the same period in 2018, primarily due to the increase in expenses, partially offset by the increase in net revenue as discussed above.

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2019, the Company had cash of $29,548,388 and working capital of $36,682,646 compared with cash of $56,845,541 and working capital of $61,055,345 at June 30, 2018. The decreases were mainly from cash used in operations of $13,347,739 and cash used in investing activities of $13,969,416.

Cash used in investing activities was $7,222,550 and $13,969,416 during the three and nine months ended March 31, 2019, respectively, compared with $2,193,613 and $2,826,340 in the same periods in 2018. The increase for the nine months ended March 31, 2019 was primarily related to $5,845,887 in property, plant and equipment purchases for the continued construction of the Lucky Lake Facility and modular expansion at Mission Road, $2,997,144 to acquire a majority interest in Greenbelt, $1,791,221 to invest in Burb, and $972,371 to acquire PhytoTech.

The nature of the Company's current business is the cultivation and sale of cannabis, the production and sale of CBD capsules, and the production and sale of sleep aid consumer packaged goods. However, future inflows of cash are dependent on actions by management achieving profitable operations and raising additional capital. Management believes, should it be necessary, it will be able to raise equity capital as required in the long-term, but recognizes the risks attached thereto. Historically the capital requirements of the Company have been met by equity and debt subscriptions. Although the Company has been successful in the past in obtaining financing, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing may be favourable. If the Company is unable to achieve profitable operations or raise any additional funds it may require, it could have a material adverse effect on its financial condition.

SUMMARY OF QUARTERLY RESULTS

Quarter ended	Revenue $	Gross profit (loss) $[1]	Net loss $	Basic and diluted loss per share $
March 31, 2019	3,188,895	207,320	(5,130,844)	(0.03)
December 31, 2018	3,984,034	1,127,467	(3,331,568)	(0.02)
September 30, 2018	1,679,291	578,097	(5,795,474)	(0.03)
June 30, 2018	513,688	44,780	(4,951,596)	(0.03)
March 31, 2018	33,003	1,144,618	(2,424,609)	(0.02)
December 31, 2017	4,740	(259,412)	(3,342,347)	(0.04)
September 30, 2017	174,544	(6,168)	(1,888,181)	(0.02)
June 30, 2017	63,316	246,221	(5,509,837)	(0.10)

(1) Certain expenses for the three and nine months ended March 31, 2018 were reclassified as described in note 2(d) in the condensed consolidated interim financial statements.

Revenue for the third quarter of fiscal 2019 decreased compared to the second quarter of fiscal 2019 due to the timing of orders in Dream Water and the stockpiling of cannabis inventory as part of the Company's product development strategy to expand its product lines using cannabis oil derivative products. Net loss for the third quarter of fiscal 2019 increased compared to the second quarter of fiscal 2019 due to increased expenditures for brand development and marketing, acquisition costs and severance and reorganization costs.

Revenue for the second quarter of fiscal 2019 increased compared to the first quarter of fiscal 2019 due to the legalization and sale of adult-use cannabis, as well as Dream Water sales, which were partially offset by an increase in cost of sales. Net loss for the second quarter of fiscal 2019 decreased compared to the first quarter of fiscal 2019 due to lower severance and reorganization costs and share-based compensation expenses.

SHARE CAPITAL

The Company has an unlimited number of Common Shares authorized and the following securities outstanding:

	March 31 2019	As at the date of this MD&A
Common stock	185,619,747	185,819,851
RTO warrants	3,226,468	3,226,368
Brokers' warrants	800,036	600,032
Secondary warrants	500,000	600,002
Convertible debentures warrants	5,901,282	5,901,282
Units Offering warrants	22,115,385	22,115,385
Brokers' compensation units warrants	663,461	663,461
Dream Water warrants	517,000	517,000
Stock options	14,975,000	17,390,000
Performance appreciation rights	2,500,000	2,500,000

OFF BALANCE SHEET ARRANGEMENTS

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

TRANSACTIONS WITH RELATED PARTIES

The following expenses were paid to key management personnel of the Company:

	For the three months ended March 31		For the nine months ended March 31	
	2019	2018	**2019**	2018
	$	$	**$**	$
Salaries and benefits	**348,750**	273,673	**1,166,899**	626,773
Severance costs	**120,000**	–	**947,050**	–
Consulting fees	**–**	69,562	**–**	208,688
Directors' fees	**33,000**	36,000	**91,207**	108,000
Share-based compensation	**650,770**	458,293	**2,788,392**	1,462,005
Total	**1,152,520**	837,528	**4,993,548**	2,405,466

a) *Payments to related parties*

As at March 31, 2019, there was $33,000 directors' fees owing (June 30, 2018 – $27,000) included in accounts payable and accrued liabilities.

During the three and nine months ended March 31, 2019, the Company paid $nil and $22,025 (March 31, 2018 – $9,751 and $34,285) in legal fees to a law firm owned by a director of the Company.

b) *Severance payments*

The Company paid $750,000 to the former CEO and $120,000 to the former CFO of the Company in accordance with the terms of their mutual separation agreements, which is included in severance and reorganization costs for the nine months ended March 31, 2019.

c) *Payments to MMJ Group Holdings Limited ("MMJ")*

During the nine months ended March 31, 2019, the Company acquired all of the outstanding shares of PhytoTech from MMJ for a total consideration of $4,580,478, which was measured at the exchange value being the amounts agreed to by the parties.

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

The Company and its subsidiaries enter into contractual agreements from time to time relating to on-going business activities. As at March 31, 2019, the Company has the following total commitments:

	Less than 1 year $	Between 2 to 5 years $	Over 5 years $	Total $
Operating lease commitments	305,858	1,369,578	532,569	2,208,005
Finance lease commitments	112,471	184,238	–	296,709
Purchase commitments	–	2,285,690	–	2,285,690
Extract services commitments	452,571	716,571	–	1,169,142
Capital commitments	2,000,750	–	–	2,000,750
	2,871,650	**4,556,077**	**532,569**	**7,960,296**

a) *Operating lease commitments*

On August 29, 2018, the Company entered into a six-year lease agreement for office space in Vancouver, BC. Commencing on October 1, 2019, the Company will pay monthly rent at a rate of $23,333. Subsequent to March 31, 2019, the August 29, 2018 lease was terminated and the Company entered into a new five-year lease agreement for office space in Vancouver, BC. Commencing on May 1, 2019, the Company will pay monthly rent at a rate of $20,967.

The Company entered into two lease agreements for the Company's Dream Water operations on September 12, 2018 and February 22, 2019, respectively: (1) a three-year lease agreement in Miami, Florida with monthly rent at a rate of US$3,500 ($4,775) commencing on October 1, 2018 and (2) a two-year lease agreement in Toronto, Ontario with a monthly rent at a rate of $2,800 commencing on April 1, 2019.

b) Finance lease commitments

On March 29, 2019, the Company acquired a 52% ownership interest in Greenbelt. In connection with this acquisition, the Company assumed two existing finance equipment leases with remaining terms of approximately 2.5 years.

c) Purchase commitments

On May 31, 2017, the Company entered into a five-year agreement with Gelpell AG for the exclusive marketing, distribution and sale of the Gelpell® capsules worldwide. As part of this agreement, the Company has annual minimum purchase commitments.

d) Extraction services commitments

On November 11, 2018, the Company entered into a multi-year Extraction Services Agreement with Valens GroWorks Corp ("Valens") for cannabis extraction and value-added services. As part of this agreement, the Company will ship to or purchase from Valens bulk quantities of dried cannabis over an initial three-year term. Valens will process the cannabis on a fee-for-service basis into bulk resin or other cannabis oil derivative products.

e) Capital commitments

On October 17, 2018, the Company entered into an agreement to purchase four custom designed modular buildings to be placed on the land adjacent to the Duncan facility. The modular buildings are expected to be completed during the 2019 calendar year and are expected to increase the annual production capacity of harvested cannabis. In addition, capital commitments include amounts committed for the construction of the Lucky Lake facility.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company thoroughly examines the various financial instruments and risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include foreign exchange risk, credit risk, interest rate risk, and liquidity risk. Where material, these risks are reviewed and monitored by the Board of Directors.

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. As at March 31, 2019, the Company is exposed to foreign currency risk through its bank accounts denominated in Swiss Francs ("CHF"), Euros ("Euros"), Israeli Shekel ("ILS") and US Dollars ("USD"). A 10% appreciation (depreciation) of the CHF, Euro, ILS or USD against the CAD, with all other variables held constant, would result in an immaterial change in the Company's loss and comprehensive loss.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's trade accounts receivable. The Company's cash and accounts receivable are exposed to credit risk. The risk for cash is mitigated by holding these instruments with highly rated financial institutions. The Company provides credit to its customers in the normal course of business and has mitigated this risk by managing and monitoring the underlying business relationships. Collection terms on average, are between 30 to 60 days. As at March 31, 2019, the Company is not exposed to any significant credit risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Included in net loss is interest income on Canadian dollar cash. As at March 31, 2019, the Company is not exposed to any significant interest rate risk.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash balances to enable settlement of transactions on the due date. Accounts payable and accrued liabilities have maturities of 30 days or less or are due on demand and are subject to normal trade terms. The Company has working capital of $36,802,785 which is comprised of the difference between the Company's current assets and current liabilities. The Company addresses its liquidity through debt or equity financing obtained through the sale of convertible debentures and Common Shares. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future.

Fair value hierarchy

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

During the period ended March 31, 2019, there were no transfers of amounts between fair value levels. Cash is classified as Level 1 financial instruments.

Accounts receivable, short-term investments and accounts payable and accrued liabilities are carried at cost which approximates fair value due to the relatively short maturity of those instruments. Warrants in associate are measured at fair value at the end of each reporting period with changes in fair value being recognized in net loss in the period.

NON-GAAP MEASURES

Adjusted EBITDA is the loss from operations, as reported, before interest, taxes, depreciation and amortization and adjusted for removing the share-based compensation and the fair value effects of accounting for biological assets and inventories. Gross margin before fair value adjustments is a percentage of gross profit (loss) before fair value adjustments of accounting for biological assets and inventory over net revenue. Both measures are useful financial metrics for management to assess the Company's operating performance on a cash basis before the impact of non-cash items.

RISKS AND UNCERTAINTIES

This section discusses factors relating to the business of Harvest One that should be considered by both existing and potential investors. The information in this section is intended to serve as an overview and should not be considered comprehensive and Harvest One may face additional risks and uncertainties not discussed in this section, or not currently known to us, or that we deem to be immaterial. All risks to Harvest One's business have the potential to influence its operations in a materially adverse manner. The following risk factors are described in greater detail under the heading "Risk Factors" in the Company's Annual Information Form dated April 17, 2019 for the year ended June 30, 2018 available under the Company's profile at www.sedar.com, and such risk factors are hereby incorporated by reference into this document and should be reviewed in detail by all readers:

- The Company may be subject to claims or complaints from investors in the ordinary course of business;
- The continuation of the Company's business of growing, storing and distributing medical and recreational cannabis is dependent on the good standing of all licences required to engage in such activities and upon adhering to all regulatory requirements related to such activities;
- The market price for Harvest One's Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond Harvest One's control;
- Harvest One currently operates one facility – the Duncan Facility;
- The Lucky Lake Facility is currently not licensed by Health Canada under the Cannabis Regulations as a facility where the cultivation of cannabis is permitted;
- The Lillooet Site is currently not licensed by Health Canada under the Cannabis Regulations as a facility where the cultivation of cannabis is permitted;
- The Greenbelt Facility is currently not licensed by Health Canada under the Cannabis Regulations as a facility where the cultivation and processing of cannabis is permitted;
- The construction of the Lucky Lake Facility, the expansion of the Duncan Facility and the retrofit of the Greenbelt Facility are subject to various potential problems and uncertainties and such construction and expansion may be delayed or adversely affected by a number of factors beyond Harvest One's control;
- Harvest One is a holding company and essentially all of its operating assets are the capital stock of its subsidiaries;
- Harvest One, through its wholly-owned indirect subsidiary United Greeneries, entered the medical cannabis business in 2012 and the recreational cannabis market in October 2018, and is therefore subject to many of the risks common to entering a new area of investment, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources, and a lack of revenue;
- Harvest One may not be able to achieve or maintain profitability and may continue to incur significant losses in the future;
- The success of the medical and recreational cannabis industries may be significantly influenced by the public's perception of cannabis' medicinal and recreational applications;
- Harvest One relies on third party transportation services to deliver its products to its customers;

- Harvest One may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls;
- The Company may have or has integration risks associated with all of its pending acquisitions;
- The anticipated benefits of new partnerships the Company is pursuing may have a material adverse effect on the Company's business, financial condition and results of operations, as well as its future prospect for acquisitions or partnerships;
- The success of Harvest One is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management and key employees;
- Certain of Harvest One directors and officers are also directors and operators of other companies;
- MMJ is Harvest One's largest shareholder and will have a significant influence on determining the outcome of any corporate transaction or other matter submitted to shareholders for approval;
- Harvest One has not paid dividends in the past and does not anticipate paying dividends in the near future;
- There can be no assurance that an active and liquid market for Common Shares will be maintained and an investor may find it difficult to resell any securities of Harvest One;
- Harvest One does not use derivative instruments or hedges to manage risks because Harvest One's exposure to credit risk, interest rate risk and currency risk is small;
- Harvest One is exposed to foreign currency risk related to cash and accrued liabilities that are denominated in a foreign currency;
- Harvest One may become party to litigation, mediation and/or arbitration from time to time in the ordinary course of business which could adversely affect its business;
- The parties with which the Company does business may perceive that they are exposed to reputational risk as a result of the Company's lawful cannabis business activities;
- The ownership and protection of trademarks, patents, trade secrets and intellectual property rights are significant aspects of the Company's future success;
- Harvest One may be affected by possible political or economic instability;
- An economic downturn of global capital markets has been shown to make the raising of capital by equity or debt financing more difficult;
- The introduction of new products embodying new technologies and regulatory developments may render the Company's equipment obsolete and its products and services less competitive or less marketable;
- The Company holds finished goods in inventory and its inventory has a shelf life;
- The Company may not be able to maintain an effective quality control system.;
- The Company's manufacturing processes are dependent upon certain critical pieces of equipment, which, on occasion, will be out of service due to routine scheduled maintenance or as a result of equipment failures;
- The Company is subject to credit risk of its clients, and its profitability and cash flow are dependent on receipt of timely payments from clients;
- Sales of the Company's products may be made pursuant to individual purchase orders or contracts and not under long-term commitment;
- The Company may in the future expand into other geographic areas, which could increase its operational, regulatory, compliance, reputational and foreign exchange rate risks;
- The Company's operations at various times may be exposed to political, economic and other risks and uncertainties associated with operating in a foreign jurisdiction;
- The legal and regulatory requirements and local business culture and practices in the foreign countries in which the Company may expand are different from those in which it currently operates;
- The Company can provide no assurance that it will be able to generate sufficient free cash flow or obtain financing to meet its growth needs;
- Certain Common Shares held by the Company's directors, executive officers, Control Persons and certain other securityholders of the Company are subject to escrow and seed share resale restrictions pursuant to the policies of the TSX-V;
- The trading market for the Common Shares will, to some extent, depend on the research and reports that securities or industry analysts publish about the Company or its business;

- The Company will operate and will be subject to income tax and other forms of taxation (which are not based upon income) in multiple tax jurisdictions;
- There may be income tax consequences in relation to the Common Shares, which will vary according to circumstances of each investor;
- Harvest One, and its subsidiaries, operate in a new industry which is highly regulated, highly competitive and evolving rapidly, and as such management may not be able to predict all such risks or be able to predict how such risks may result in actual results;
- Harvest One will incur ongoing costs and obligations related to compliance with environmental and employee health and safety matters;
- Harvest One's operations are subject to a variety of laws, regulations and guidelines relating to the cultivation, processing, management, transportation, storage, sale and disposal of medical and recreational cannabis, but also including laws and regulations relating to health and safety, privacy, the conduct of operations and the protection of the environment;
- Restrictions on sales and marketing activities imposed by Health Canada, various medical associations, other governmental, quasi-governmental bodies or voluntary industry associations may adversely affect Harvest One's ability to conduct sales and marketing activities and could have a material adverse effect on Harvest One's respective businesses, operating results and financial conditions;
- A security breach at one of the Company’s facilities could expose the Company to additional liability and to potentially costly litigation, increase expenses relating to the resolution and future prevention of these breaches and may deter potential cannabis consumers from choosing the Company’s products;
- Those employed at or investing in legal and licensed Canadian cannabis companies could face detention, denial of entry or lifetime bans from the U.S. for their business associations with U.S. cannabis businesses;
- The Company has operations in international markets and may have operations in emerging markets in the future, which may expose the Company to the socioeconomic conditions as well as the laws governing the cannabis industry in such countries;
- The number of licences granted under the Act could have an impact on the operations of Harvest One;
- Harvest One's business will revolve mainly around the growth of cannabis, an agricultural product, and the risks inherent in agricultural businesses will apply;
- Harvest One's cannabis growing operations consume considerable energy, making Harvest One vulnerable to rising energy costs;
- Harvest One faces the inherent risk of product liability claims, regulatory actions and litigation if its products are alleged to have caused loss or injury;
- If any of the Company’s products are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall;
- While Harvest One believes its insurance coverage addresses all material risks to which they are exposed and is adequate and customary in its current state of operations, such insurance is subject to coverage limits and exclusions and may not be available for all the risks and hazards to which Harvest One is exposed;
- Although Harvest One believes that the articles, reports and studies support its beliefs regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis, future research and clinical trials may prove such statements to be incorrect, or could raise concerns regarding, and perceptions relating to, cannabis;
- The ability of Harvest One to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to skilled labor, equipment, parts and components;
- Harvest One may decide to invest with certain strategic investors and/or other third parties through joint ventures or other entities, and these parties may have different interests or superior rights to those of Harvest One;
- Harvest One must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the industry;
- Harvest One’s ability to secure long-term profitability and success through the sustainable and profitable operation of its business may be adversely affected by competition from synthetic production and technological advances; and
- The Company is exposed to the risk that its employees, independent contractors, and consultants may engage in fraudulent or other illegal activity.

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the unaudited condensed consolidated interim financial statements requires management to make judgments and estimates and form assumptions that affect the reporting amounts of assets and liabilities at the date of the consolidated financial statements and reporting amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue, and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions.

A detailed summary of all of the Company's significant accounting policies is included in Note 3 to the annual audited consolidated financial statements for the year ended June 30, 2018 and Note 2(e) to the unaudited condensed consolidated interim financial statements for the three and nine months ended March 31, 2019.

Areas that often require significant management estimates and judgement include biological assets and inventory, the estimated useful lives and depreciation of property, plant and equipment, the estimated useful lives and amortization of intangible assets, goodwill, share-based compensation, warrants, accruals, provisions and the determination of the functional currency. The following is an outline of the estimates that the Company considers as critical in the preparation of its consolidated financial statements:

- The Company fair values its biological assets and inventory which requires estimates and assumptions on the stage of growth of the cannabis plants up to the point of harvest, harvesting costs, selling costs, average selling price, wastage and expected yields for the cannabis plants.
- The Company has recorded depreciation and amortization which requires estimates of the useful lives and when the asset is available for use, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that consider factors such as economic and market conditions and the useful lives of the assets.
- The Company has recorded stock-based compensation using the Black-Scholes Pricing Model, which includes key estimates such as the rate of forfeiture of options or PAR granted, the expected life of the option or PAR, the volatility of the Company's share price, and the risk-free interest rate.
- The Company has recorded certain warrants using the Black-Scholes Pricing Model, which requires includes key estimates such as the expected life of the warrants, the volatility of the Company's share price, and the risk-free interest rate. With respect to the share purchase warrants acquired from Burb, the only difference in key estimates is the volatility used which is based on the historical volatility of comparable public companies.
- Judgement is used in determining whether an acquisition is a business combination or an asset acquisition. The Company must determine whether it is the acquirer or acquiree in each acquisition. Under IFRS 3 – Business Combinations, the acquirer is the entity that obtains control of the acquiree in the acquisition. If it is not clear which entity is the acquirer, additional information must be considered, such as the combined entity's relative voting rights, existence of a large minority voting interest, composition of the governing body and senior management, and the terms behind the exchange of equity interest.

RECENT ACCOUNTING PRONOUNCEMENTS

The adoption of the new and revised standards, amendments and interpretations issued by the International Accounting Standards Board ("IASB") effective for periods beginning on or after July 1, 2018 has not had a material impact on the accounting policies, methods of computation or presentation applied by the Company.

Additional new or amended accounting standards that have been previously issued by the IASB but are not yet effective, and have not been applied by the Company, are as follows:

IFRS 16 Leases ("IFRS 16")

In January 2016, the IASB issued IFRS 16, which will replace IAS 17 – *Leases*. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard will be effective for annual periods beginning on or after January 1, 2019, with earlier application permitted. The Company intends to adopt IFRS 16 on July 1, 2019 and is currently assessing the impact of this new standard on its consolidated financial statements.

MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL STATEMENTS

Information provided in this MD&A, including the unaudited condensed consolidated interim financial statements, is the responsibility of management. In the preparation of these consolidated financial statements, estimates are sometimes necessary to make a determination of future value or certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying unaudited condensed consolidated interim financial statements. Management maintains a system of internal controls to provide reasonable assurance that the Company’s assets are safeguarded and to facilitate the preparation of relevant and timely information.

MANAGEMENT’S REPORT ON DISCLOSURE CONTROLS AND PROCEDURES

Management of the Company has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited condensed consolidated interim financial statements; and (ii) the unaudited condensed consolidated interim financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented. There have been no significant changes in the Company’s disclosure controls and procedures during the three and nine months ended March 31, 2019.

LIMITATIONS OF CONTROLS AND PROCEDURES

The Company’s management, including the Chief Executive Officer and the Chief Financial Officer, believe that any system of controls and procedures over financial reporting and disclosure, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.