Newstrike Resources Ltd.

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE SIX MONTHS ENDED
JUNE 30, 2017

Introduction

Newstrike Resources Ltd. ("the Company" or "Newstrike") is a publicly-traded corporation, incorporated in Ontario, Canada, with its head office located at 390 Bay Street, Suite 612, Toronto, ON. On May 29, 2017 (the "Effective Date"), Newstrike completed a business combination with HPI Holdings Ltd. ("HPI") (the "Transaction"). The Transaction was structured as a "three-cornered amalgamation" which effectively resulted in HPI and its principal subsidiary, Up Cannabis Inc. ("Up Cannabis") (formerly 8455562 Canada Inc.), a licensed producer of cannabis and related products ("LP"), becoming wholly-owned subsidiaries of Newstrike. The Transaction constituted a change of business and reverse takeover of Newstrike and was accordingly executed pursuant to the applicable Policies of the TSX Venture Exchange as well as the controlling corporate and securities legislation.

Newstrike, which was originally focused as an early-stage exploration company focused on precious metals, divested itself of all remaining elements of its legacy mining and resource exploration business as a condition of the Transaction. The Company is now focused exclusively on executing a growth strategy (primarily through its Up Cannabis subsidiary) of developing a diverse portfolio of high-quality cannabis brands that meets the needs of medical clients and eventually, as the law allows, the tastes and preferences of all authorized consumers ("Newstrike's Growth Strategy"). On June 1, 2017, Newstrike's common shares began trading on the TSX Venture Exchange ("TSX-V") under the symbol "HIP", which is a change from its original ticker-symbol "NR", in-part to reflect the change in business resulting from the Transaction.

This Management's Discussion and Analysis of the Financial Condition and Results of Operation ("MD&A") is dated August 31, 2017. It should be read in conjunction with the Company's financial statements for the six-month period ended June 30, 2017, including the accompanying notes (the "Interim Financial Statements").

As described in detail below, the Interim Financial Statements include:

- the Company's results on a consolidated basis reflecting the impact of the Transaction within an unaudited six-month fiscal period commencing January 1, 2017 and ending June 30, 2017; as well as,
- the unaudited results of HPI for the three-month fiscal quarter commencing January 1, 2017 and ending March 31, 2017 (the "Supplemental HPI Disclosure"); and
- Since HPI was not a reporting issuer during the six months ended June 30, 2017, no comparatives are presented.

Although HPI was an unrelated and separate entity for the period reflected in the Supplemental HPI Disclosure, by completing the Transaction, the Company triggered the requirement to provide this additional information pursuant to Part 4.10(B)(2)(i) of National Instrument 52-109 – *Continuous Disclosure Obligations* ("NI 52-109"). The inclusion of the Supplemental HPI Disclosure provides the reader with additional clarity and transparency regarding the Company's current business and strategy and will permit the reader to undertake a more meaningful comparative analysis going forward.

Given the significant changes that have resulted in all aspects of Newstrike's business and operations as a result of the Transaction, we have prepared certain sections of this interim MD&A in accordance with the more detailed disclosure requirements applicable to a reporting issuer's annual - as opposed to interim - MD&A, as outlined in NI 52-109. Unless otherwise indicated, all financial information in this MD&A is reported in thousands of Canadian dollars, except share amounts.

The Interim Financial Statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee for all periods presented. The Interim Financial statements and this MD&A have been reviewed by the Company's Audit Committee and approved by the Company's Board of Directors. The Interim Financial Statements were prepared in accordance with and include the accounts of the Company and its wholly-owned principal subsidiaries 1977121 Ontario Inc. and UP Cannabis Inc., as well as other subsidiaries and affiliates as detailed in Note 2(c) to the Quarterly Financial Statements.

Important Note on Comparative Periods and Change in Year-End

Given the significant changes that have resulted in all aspects of Newstrike's business and operations as a result of the Transaction and in accordance with IFRS 3, on August 31, 2017, the Company's Board of Directors unanimously resolved to change the Company's fiscal year-end from March 31 to December 31. The accompanying Interim Financial Statements have been prepared in expectation of this change in fiscal year-end. The immediate and practical effect of this change is that it brings Newstrike's fiscal year-end in-line with that of HPI and, going forward, permits the reader to undertake a comparative review of previous fiscal periods that are reflective of the historical financial performance of Newstrike's current cannabis-focused business, rather than forcing the reader to try to identify and then attempt to differentiate the cannabis-related expenditures and financial information in previous fiscal periods from expenditures, expenses and other costs related to Newstrike's earlier focus on mining and resource exploration.

For the purposes of preparing this MD&A, management under the guidance of the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Newstrike common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations is available on Newstrike's website at www.newstrike.ca and on SEDAR at **www.sedar.com**.

Caution Regarding Forward-Looking Statements

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward- looking statements.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond Newstrike's ability to predict or control. Please also make reference to those risk factors referenced in the "Risks and Uncertainties" section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Newstrike's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Overview

For the six months ended June 30, 2017, Newstrike focused primarily on the completion of the Transaction. Newstrike and HPI executed a letter-of-intent on December 28, 2016 that laid out the principal terms later reflected in the Master Agreement executed by the parties and dated February 3, 2017 and amended May 18, 2017. The Master Agreement was negotiated at arm's length and laid-out the principal commercial terms and goals for the Transaction. The Company executed the Master Agreement and completed the Transaction in order to develop, support and execute Newstrike's Growth Strategy which it believes provides the best available prospects for the creation of durable, long-term value for all shareholders. Additional drivers for concluding the Transaction and which underpin the Newstrike Growth Strategy include the fact that it has resulted in a larger, publicly-traded company with greater market capitalization, improved access to the capital markets to fund its growth strategy and the integration of a business with significant operations and operational expertise which is an early participant in an emerging and potentially high-growth sector and market.

Operational Highlights

Six Months Ended June 30, 2017

- HPI executed an investment and exclusive advisory agreement with Canadian musical legends, The Tragically Hip and members of their management team, to effectively help the Company develop brands and strategies to elevate its profile and that of its brands, within the evolving regulatory framework;
- Negotiated and executed the Master Agreement that provided the framework and commercial terms of the Transaction;
- Effective April 30, 2017, HPI acquired the shares of Enderlein Nurseries Ltd. which provides the potential to increase production capacity;
- Completed the Transaction resulting in Newstrike refocusing its business and operations to participate in the high-growth emerging market for cannabis in all acceptable forms;
- Simultaneously with the Transaction, both HPI and Newstrike completed financing activity that raised aggregate gross proceeds of $4.625 million;
- Appointed a new Board of Directors and Management Team led by Chief Executive Officer, Jay Wilgar a proven entrepreneur with a track record of successfully building a company in a highly regulated sector and Executive Chair, Scott Kelly, a seasoned capital markets professional and experienced corporate director;
- Generated an additional approximately $3.355 million through the exercise by investors of convertible securities being:

- warrants and options to purchase common shares of Newstrike, issued prior to the Transaction; and,
- convertible securities of HPI that, as a result of the completion of the Transaction and upon payment of the applicable exercise price, became exchangeable - on exercise - for common shares of Newstrike.

- Received Health Canada's approval to remove all limitations on the amount of cannabis that may be produced at the Up Cannabis Facility in Brantford, Ontario and, once the requisite extraction equipment is installed, to produce an unlimited amount of cannabis oils at this same facility;
- Submitted an application to amend the terms of license to permit Up Cannabis to sell cannabis in all acceptable forms to all authorized persons thereby removing the last material license restriction and effectively providing Up Cannabis with the ability to sell cannabis directly to all authorized medical clients. The Company is not aware of any reason why this application would not be approved.

Events Subsequent to June 30, 2017

- Acquired the Up Cannabis - Niagara Facility (described in detail below), a modern greenhouse facility and lands projected to produce up to 12,000 kg of dried cannabis annually with the capacity to increase production to an aggregate of approximately 22,000 kg of dried cannabis annually;
- Arranged and fully drew-down a $4.0 million secured acquisition facility (the "Secured Facility") funded by a syndicate of Newstrike officers, directors and shareholders led by Beechhill Capital Corp. which is an investment entity controlled by the Van Haeren family who, to the best of Newstrike's knowledge are the Company's largest shareholders with collective holdings of approximately 104,279,000 shares or approximately 26.8% of the issued and outstanding shares on a fully-diluted basis. The Van Haeren family are represented on Newstrike's Board of Directors by Mr. Nik Van Haeren. The Secured Facility is for a term of just under seven (7) months, expiring on February 15, 2018 and pays simple interest at the rate of 15% per year (1.25% per month) with monthly interest-only payments during the term and repayment in-full at the end of term. The Secured Facility may be repaid at any time subject to payment of a cancellation fee equal to 1.0% of all amounts then-outstanding. Security granted to the lenders under the terms of the Secured Facility consists of:
  - a general charge over the assets, inventory and undertakings of UP Cannabis; and
  - a charge on the 16.6 acres of land acquired as part of the Niagara Facility.
- Created an Advisory Board consisting initially of eight members drawn from the worlds of healthcare, corporate finance, pharmaceutical development, branding & marketing, as well as arts, music and entertainment. Each of whom was selected for their ability to accelerate execution of the Company's growth strategy to expand production and develop brands.

Discussion of Principal Operations

Newstrike's cannabis business is primarily operated through its wholly-owned subsidiary Up Cannabis which is a licensed producer or "LP" pursuant to the Access to Marihuana for Medical Purposes Regulations ("ACMPR") which govern all facets of the production, distribution, storage and sales of cannabis and related products in Canada.

Key to the successful execution of Newstrike's Growth Strategy is the development, acquisition and cost-effective build-out and operation of production facilities capable of producing cannabis of a consistent quality and character to meet both the stringent regulatory requirements of the ACMPR and the demands of medical clients and, as the law permits, all authorized consumers. The following is an overview of the Company's production facilities and pertinent operational and financial information in respect of each.

Newstrike, through Up Cannabis and other wholly-owned subsidiaries, operates production facilities with an aggregate of approximately 167,600 existing square feet of indoor and greenhouse production capacity of which:

- Approximately 7,600 square feet is currently operating at or near full production capacity; and,

- Approximately 160,000 square feet is in the process of being retrofitted and, subject to the receipt of all applicable regulatory approvals, the Company expects to begin production in the second half of 2018.

The Company, through Up Cannabis, currently has license No. 10-MM0120/2016 to cultivate cannabis at the Up Cannabis - Primary Facility (as defined below). As at the date of this MD&A, this license permits the sale of cannabis and related products to other LPs, however, Up Cannabis has submitted an application to amend the terms of this license to remove this final restriction and permit the sale of cannabis in all acceptable forms to all authorized persons, directly. The Company is not aware of any reason why this application will not be approved.

Under the ACMPR, Up Cannabis can also apply to have additional production locations/facilities licensed as "adjunct" facilities under this existing license. Up Cannabis intends to make use of this provision of the ACMPR as warranted. The Company, through its effective acquisition of Enderlein Nurseries Ltd. also has the ability to acquire a second license upon build-out and compliance with the conditions of the "ready-to-build" letter that was a key asset purchased and - material driver for - this acquisition.

I. Primary Production Facilities

Up Cannabis - Primary Facility
Location: Brantford, Ontario
Leased Facility: lease commenced July 1, 2013, expires June 30, 2020 with option renew at then-market rates or to purchase at lease-end for $740,000

- ***Operational Status:*** Fully Operational & Licensed Facility (License granted effective December 19, 2016)
- ***Regulatory Status:***
  - Authorized to produce an unrestricted amount of dried cannabis and, following the installation of the requisite equipment, an unrestricted amount of cannabis oils;
- ***Annual Production Capacity****:* Approximately 2,500 Kg of dried cannabis
- ***Expansion Capacity:*** The Company does not anticipate expanding the production capacity of dried cannabis at this facility, however, the facility can support the addition of manufacturing facilities for cannabis related products, packaging systems and cannabis oil extraction facilities.

Up Cannabis' primary facility (the "Primary Facility") is located in Brantford, Ontario and was designed and engineered to permit the application of the same pharmaceutical-quality management-standards utilized by Canada's pharmaceutical manufacturers, to the production of cannabis in all acceptable forms. The Primary Facility and its accompanying Standard Operating Procedures ("SOPs") were designed to comply with both the GPP standards mandated by the ACMPR and also readily facilitate compliance, as commercially warranted, with the much more stringent GMP standards required for the production of narcotics and other pharmaceuticals. Within the Primary Facility itself, there are currently 4 discrete grow-rooms - each of which can be completely quarantined from the rest of the facility allowing the containment of any outbreak of disease, molds or pest infestation and effectively manage and limit the impact such risks present to all agricultural operations, two "mothering" and vegetative rooms, trimming and drying rooms, two discrete shipping rooms, a "Level-8" vault for the storage of dried and finished product and if required, an aggregate of approximately 1,800 square feet that can be repurposed for manufacturing, packaging and/or additional production facilities, all of which are supported and monitored by state-of-the art automated hydroponic cultivation, climate, security and control systems with additional layers of redundancy and back-up to mitigate the impact of systems or power failure. Each area within the Primary Facility is independently controlled, filtered and monitored and each strain of medical cannabis produced in the Primary Facility is subjected to rigorous and ongoing analytical testing. Annual production capacity of the Primary Facility is approximately 2,500 kg of dried cannabis.

Up Cannabis - Niagara Facility[1]
Location: Beamsville, Ontario
Wholly-Owned: Acquired land and buildings July 27, 2017

- ***Operational Status**:* Fully automated, modern "Dutch-Tray" 200,000 sq. foot facility (of which approximately 160,000 sq. feet are dedicated to production) with finished administration, packaging and shipping/receiving areas, all situated on approximately 17.0 acres of land;
  - currently configured to produce orchids and other potted plants and is supported by a skilled workforce with site-specific experience, certain of whom have entered into employment and/or skills transfer agreements with Up Cannabis;
  - engineering and retrofit for conversion to cannabis production in progress;
- ***Regulatory Status:*** Application in process to designate this facility as an "adjunct" facility to Up Cannabis' Principal Facility;
- ***Estimated Annual Production Capacity:*** Approximately 12,000 Kg of dried cannabis upon completion of retrofit;
- ***Expansion Capacity**:* Up to an additional approximately 10,000 kg of dried cannabis - for a potential aggregate annual production of 22,000 kg of dried cannabis.

The Company is currently in the process of completing engineering and specifications for the retrofit process for this facility and estimates that the cost of the retrofit, including costs related to meeting the stringent security and other requirements under the ACMPR will be approximately $5.5 million. The Company expects to begin production at this facility in the 2nd calendar quarter of 2018.

Assuming the build out and/or conversion of the above noted facilities the Company estimates its potential near-term aggregate annual production will be approximately 24,500 Kg of dried cannabis.

II. Secondary Facilities

Up Cannabis - Enderlein Facility
Location: Creemore, Ontario
As a result of the Transaction, the Company indirectly acquired 100% control of the shares of Enderlein Nurseries Ltd. ("Enderlein"). Enderlein's principal assets include an in-place lease for 38 hectares well-situated for the cultivation and distribution of cannabis and related products (the "Enderlein Site") along with a "ready-to-build" letter issued by Health Canada ("RTB"), conditionally approving the construction and subsequent licensing of a cannabis production facility on the Enderlein Site and, subject to the requisite compliance, designation of Enderlein as an LP.

- ***Operational Status**:* Pre-construction - engineering and construction planning in progress;
- ***Regulatory Status**:* Conditional approval of the facility and the entity as an LP subject to the completed facility being compliant in all respects with the terms of the RTB and all other requisite requirements;

[1] This facility was acquired subsequent to quarter-end on July 27, 2017.

- ***Annual Production Capacity:*** The Company estimates that capacity of the facility - as specified in the RTB - if and when completed - will be approximately 3,000 kg of dried cannabis;
- ***Expansion Capacity:*** The Company believes that the Enderlein Site could reasonably support an expansion facility that would increase annual aggregate production on the Enderlein Site to approximately 12,000 Kg of dried cannabis, as well as manufacturing facilities for cannabis related products, packaging and cannabis oil extraction facilities.

The Company is currently in the process of preparing engineering and construction specifications for this facility and estimates that the cost of completing this facility in accordance with the requirements of the RTB will be approximately $3.5 million, including costs related to obtaining the requisite regulatory approvals. It also believes that production could begin in the 2nd quarter of 2019. Additional details on the Enderlein transaction - including financial terms - can be found in the Company's Filing Statement, dated May 18, 2017, available at www.sedar.com.

Liquidity and Capital Resources

During the six-months ended June 30, 2017, a total of 560,000 options to purchase common shares with exercise prices ranging from $0.10 to $0.20 were exercised and 560,000 common shares issued, generating proceeds of $84,750. As at June 30, 2017 a total of 1,400,000 options to purchase common shares remained outstanding (an aggregate of 350,000 options with an exercise price of $0.15 and an aggregate of 1,050,000 with an exercise price of $0.20) that, if exercised in-full, would generate aggregate proceeds of $262,500.

As at June 30, 2017, there were 2,025,000 warrants outstanding with an exercise price of $0.075 per warrant. Since January 31, 2017, warrants have been exercised for gross proceeds of $1,348,125.

Finally, as a result of the acquisition of Enderlein Nurseries Ltd by HPI on May 29 2017 there were an additional 16,000,000 warrants issued with an exercise price of 12.5 cents. These warrants were exercised on June 30, 2017 for gross proceeds of $2,000,000. As at June 30, 2017, the shares had not been issued and are shown as an obligation to issue shares.

At June 30, 2017, the Company had assets of $14,952,968 and a net equity position of $11,426,819. At June 30, 2017, the Company had $3,526,149 of liabilities. Due to market conditions and a material change of strategy, exploration expenditures have been discontinued. See "Mineral Exploration Properties" below.

At June 30, 2017, the Company had working capital of $6,278,329. The Company had cash of $6,391,858 at June 30, 2017. The increase in cash was due to various equity raises in the six months ended June 30, 2017 in the amount of $***8,057,875***.

Off-Balance-Sheet Arrangements

As of the date of this filing, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

Trends

PACE OF REGULATORY CHANGE INCREASING - RECREATIONAL USE OF MARIJUANA TO BE LEGALIZED

On April 13, 2017, the Federal Government tabled Bill C-45 (the "Cannabis Act") which has been drafted to legalize the recreational use of marijuana in Canada. Although July 1, 2018 has been repeatedly cited as the target date for implementation of the Cannabis Act, the Company expects that actual implementation may be delayed in light of:

- recent pronouncements by representatives of certain provinces, who as a result of Canada's federal system, will oversee and play a major role in the enforcement of the regulatory regime ultimately applicable to the distribution and sale of cannabis once legalized; and
- growing concern over the content of the companion regulations that will provide additional guidance on matters such as advertising and specific restrictions with respect to mode and manner of retail sales and other important elements and mechanics of ensuring that the Federal Governments vision for a deregulated marketplace for cannabis is properly realized.

Newstrike's Growth Strategy includes the development and marketing of branded cannabis products and is closely monitoring and, where applicable, contributing to the discussion with policy makers on the role branding will play and the limitations that may apply when the regulations under the Cannabis Act are promulgated. On June 16, 2017, Newstrike officially renamed 8455562 Canada Inc., as "Up Cannabis Inc." and the Up Cannabis brand was officially launched on June 14, 2017. The Company notes that LPs, which are currently the only entities permitted to supply the medical marijuana market, will also have the exclusive right to supply the Canadian recreational market. The Company will continue its plan to migrate the exacting and GMP-ready Standard Operating Procedures it developed for the Up Cannabis Principal Facility to its expanding portfolio of production facilities. In doing so, Up Cannabis will continue to provide the growing market for medical customers with a consistent product of the highest quality. At the same time, in preparation for the eventual legalization of recreational use Up Cannabis continues to build on the relationship the team at Newstrike and Up Cannabis has developed with the members of the Tragically Hip: both as investors in and advisors to the Company and to work with them to firmly position Up Cannabis as "Canada's Cannabis brand".

Apart from these and the risk factors noted under the heading "Risks and Uncertainties"" and "Caution Regarding Forward-Looking Statements", management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or results of operations.

Overall Objective

The Company's founding objective was to discover economically viable mineral deposits on properties in which it had an interest. At the date of this MD&A, the Company has divested itself of all mining assets and its overall objective is now the execution of the Newstrike Growth Strategy.

Disclosure of Internal Controls

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the condensed consolidated interim 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 condensed consolidated interim financial statements; and (ii) the 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.

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

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

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

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

Selected Annual Financial Information

The following is selected financial data derived from the unaudited condensed consolidated interim financial statements of the Company as at June 30, 2017.

	Three months ended June 30, 2017 ($)	**Three months ended March 31, 2017 ($)**
Total revenues	$ Nil	$ Nil
Total loss	($9,163,786	($7,627,217
Net loss per common share - basic	(0.10)	(0.04)
Net loss per common share – diluted	(0.10)	(0.04)

	As at June 30, 2017 ($)
Total assets	14,952,968
Total non-current financial liabilities	1,828,875
Distribution or cash dividends	Nil

Summary of Quarterly Information

A summary of selected information for each of the two most recent quarters is as follows:

Three months ended	Total sales ($)	Net Loss ($)	Basic and diluted loss per share ($)
2017-June 30	Nil	($9,163,786)	(0.10)
2017-March 31	Nil	(7,627,217) [(1)]	(0.04)

(1) The net losses of $9,163,786 and 7,627,217, for the six months ended June 30 and three months ended March 31, 2017 respectively, on a consolidated basis is substantially larger than prior periods primarily as a result of the listing expense but also now includes the operations of Up Cannabis, the licensed producer.

Discussion of Operations

For the six-month period ending June 30, 2017, Newstrike had suspended it legacy mining operations and the cannabis business, as reflected in the Supplemental HPI Disclosure did not generate revenue for the relevant period. As a result, Newstrike had a net loss of $9,163,786 for the period, with basic and diluted loss per share of $0.10, principally driven by the listing expense of $7,077,884 incurred as a result of the Transaction.

Liquidity and Capital Resources

Options
As of June 30, 2017, the Company had 388,834,386 common shares issued and outstanding. During the six-months ended June 30, 2017, a total of 560,000 options to purchase common shares with exercise prices ranging from $0.10 to $0.20 were exercised and 560,000 common shares issued, generating proceeds of $84,750. As a result, at June 30, 2017, the Company had 1,400,000 options outstanding (350,000 with an exercise price of $0.15 and 1,050,000 with an exercise price of $0.20) that, if exercised in full, would generate an aggregate of $262,500.

Warrants
On September 20, 2016, the Company completed a non-brokered private placement of 20,000,000 units at a price of $0.05 per unit to raise aggregate gross proceeds of $1,000,000. Each unit consisted of one common share and one share purchase warrant which entitled the holder to acquire one additional common share of Newstrike at $0.075 for a period expiring on September 21, 2021. As at June 30, 2017, a total of 17,975,000 warrants had been exercised and 17,975,000 common shares issued, generating proceeds of $1,348,125. The remaining unexercised 2,025,000 warrants are held by Insiders of the Company and subject to escrow provisions that were agreed-upon as a condition of the Transaction.

Financing Activity Related to the Transaction[2]

HPI completed a non-brokered private placement of debentures in aggregate principal amount of $1,500,000 on February 10, 2016 and February 15, 2016. These debentures were automatically converted into 1,695,000 Newstrike common shares on May 29, 2017 as a condition of the Transaction. In addition, on March 7, 2017, Newstrike completed a non-brokered private placement of 25,000,000 Newstrike "Subscription Receipts" at a price of $0.125 per Subscription Receipt for gross proceeds of $3,125,000. On May 29, 2017, the Subscription Receipts were automatically converted into 25,000,000 Newstrike common shares.

In aggregate, the Company raised gross proceeds of $4,625,000 and issued a total of 26,695,000 Newstrike common shares as a result of this activity.

Amounts payable and other liabilities were $1,800,101 at June 30, 2017. The Company's cash at June 30, 2017, was sufficient to pay these liabilities.

Cash used in operating activities was $2,315,707 for the six months ended June 30, 2017. Operating activities were affected by the net change in non-cash working capital balances of $229,805 because of a decrease in accounts receivable and other assets in the amount of $259,666 and an increase in amounts payable and other liabilities in the amount of $129,861 for the six months ended June 30, 2017.

The Company at this has no operating revenues and therefore must utilize its current cash reserves, funds obtained from the exercise of convertible securities such as warrants and stock options and other financing transactions to maintain its capacity to meet working capital requirements, its ongoing capital expenditures, branding and marketing programs and operating activities. The Company anticipates that it will need to raise capital when it can do so on reasonable commercial terms. See "Risks and Uncertainties".

The Company's use of cash at present occurs, and in the future, will consist of funding its capital expenditure programs, branding and marketing initiatives, general and administrative expenditures.

Related Party Transactions

In the Six -Month Period-Ended June 30, 2017

Related parties include members of senior management, the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

Newstrike entered into the following transactions with related parties:

[2] For reference to all terms, conditions and commercial considerations related to the financing activity that was completed as part of the Transaction, please refer to the Company's Filing Statement, dated May 18, 2017.

(a) Provision of Corporate Secretarial and Financial Reporting Services

For the period commencing on January 1, 2017 and ending on May 29, 2017, Mr. Carmelo Marrelli was the Chief Financial Officer of Newstrike. He is also a principal shareholder of both (i) Marrelli Support Services Inc. ("MSSI") and (ii) DSA Corporate Services Inc. ("DSAC"), both of which were retained during the period covered by the Interim Financial Statements to provide a variety of accounting and corporate secretarial and related services. The amounts paid to each of these entities related to Mr. Marrelli are shown below. Following completion of the Transaction, the Company is in the process of internalizing many of the tasks performed by both MSSI and DSA.

Names	**Three months ended June 30, 2017 $**	**Three months Ended March 30, 2017**
Marrelli Support Services Inc. ("MSSI") (i)	26,155	8,430
DSA Corporate Services Inc. ("DSAC") (ii)	5,637	3,860
Nugen Capital Corp (iii)	22,500	15,000
Total	**54,292**	27,290

(i) The former Chief Financial Officer of the Company, is the president of MSSI. Fees are related to the CFO function and accounting services provided by MSSI. As at June 30, 2017, MSSI was owed $5,155 and this amount was included in amounts payable and other liabilities.

(ii) The former Chief Financial Officer of the Company, is an officer of DSAC. Fees are related to corporate secretarial and filing services provided by DSAC. As at June 30, 2016, DSAC was owed $5,637 and this amount was included in amounts payable and accrued liabilities.

(iii) On February 1, 2017, Nugen Capital Corp, a company controlled by Mr Peter Hwang a director entered into a consulting agreement for marketing and branding expertise, for a retainer of $7,500 per month.

(b) Capital lease with Enerworks Inc.

Effective January 1, 2017 HPI entered into an equipment lease arrangement with Enerworks Inc., a corporate entity, beneficially controlled by the Van Haeren family, to finance the final build-out of the Up Cannabis - Primary Facility. To the best of Newstrike's knowledge, the Van Haeren family are the Company's largest shareholders holding an aggregate of approximately 104,279,000 common shares (representing approximately 27% of the issued and outstanding common shares) and who are represented on Newstrike's Board of Directors by Mr. Nik Van Haeren. This lease is for a principal amount of $1,300,000 at an annual interest rate of 15% for a term of five-years with a residual buy-out at lease-end of $10.00. Over the full lease-term, interest costs will be an aggregate of approximately $560,000.

(c) Short Term Secured $4.0 Million Acquisition Facility (the "Short-Term Secured Facility")

Subsequent to the end of the six-month period reported in the Interim Financial Statements, In July 2017, the Company arranged for a short-term, secured acquisition facility in the amount of $4,000,000 funded by a syndicate led by a contribution of $3.0 million by Beechhill Capital Corp. which is an investment entity controlled by the Van Haeren family. The balance of $1.0 million committed to the Short-Term Secured Facility was funded by a syndicate of Newstrike shareholders, officers and directors which included Mr. Jay Wilgar, the Company's CEO and Mr. Scott Kelly, the Executive Chair. The Company drew-down the Short-Term Secured Facility in full on July ____, 2017, to fund a portion of the acquisition of the Up Cannabis-Niagara Facility. The Short-Term Secured Facility is due to be repaid in full on February 15, 2018 and is secured by a general charge over the inventory, assets and undertakings of Up Cannabis as well as a charge on the 16.6 acres of land acquired as part of the Up Cannabis - Niagara Facility. The Short-Term Secured Facility is serviced on an interest-only basis payable monthly during the term at an annual rate of 15% or 1.25% per month. It may be repaid at any time subject to payment of a cancellation fee equal to 1.0% of all amounts then-outstanding.

Share Capital

As at June 30, 2017, the Company had 388,834,346 issued and outstanding common shares. which includes the issuance of 16,250,000 shares resulting from the exercise of convertible securities as at June 30, 2017 which were paid for but technically not issued. For the purposes of clarity, we have included those shares as issued in the above aggregate number.

During the six-months ended June 30, 2017, a total of 560,000 options to purchase common shares with exercise prices ranging from $0.10 to $0.20 were exercised and 560,000 common shares issued, generating proceeds of $84,750.

Stock options of the Company outstanding as at June 30, 2017:

Options	Expiry Date	Exercise Price
350,000	September 28, 2017	$0.15
1,050,000	December 31, 2021	$0.20
1,400,000		

On September 20, 2016, the Company completed a non-brokered private placement of 20,000,000 units at a price of $0.05 per unit to raise aggregate gross proceeds of $1,000,000. Each unit consisted of one common share and one share purchase warrant which entitled the holder to acquire one additional common share of Newstrike at $0.075 for a period expiring on September 21, 2021. As at June 30, 2017, a total of 17,975,000 warrants had been exercised and 17,975,000 common shares issued, generating proceeds of $1,348,125. The remaining unexercised 2,025,000 warrants are held by Insiders of the Company and subject to escrow provisions that were agreed-upon as a condition of the Transaction.

Warrants		
2,025,000	September 20, 2021	$0.075

Capital Management

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

The Company considers its deficiency to be equity, which comprises share capital, reserves and deficit, which at June 30, 2017 totaled $11,426,819.

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on activities related to operating and growth plans. Selected information is provided to the Board of Directors of the Company.

The Company's capital management objectives, policies and processes have remained unchanged during the three months ended June 30, 2017. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than Policy 2.5 of the TSXV which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of June 30, 2017, the Company is compliant with Policy 2.5.

Financial Instruments

List of significant financial instruments

	As at June 30, 2017 $
Financial Assets:	
Cash	6,391,858
Investments	35,000
Loan receivable	85,500
Financial Liabilities:	
Amounts payable and other liabilities	1,800,101

Financial risk

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, foreign currency risk and commodity and equity price risk).

Risk management is developed and executed by the Company's management team and overseen by the Audit Committee pursuant to policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

(i) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. The Company's credit risk is primarily attributable to cash and HST receivable. Cash is held with one major Canadian chartered bank, from which management believes the risk of loss to be minimal.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at June 30, 2017, the Company had cash of $930,049 (June 30, 2016 - $23,523) to settle current liabilities of $238,800 (June 30, 2016 - $36,951). All of the Company's financial liabilities have contractual maturities of less than 30 days, except for the $23,000 site restoration provision, and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity.

(iii) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity and equity prices.

(a) Interest rate risk

The Company's current policy is to invest excess cash in certificates of deposit issued by a Canadian chartered bank with which it keeps its bank accounts. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its Canadian chartered bank. As at June 30, 2017, the Company did not have any surplus cash which was not allocated to operational requirements

(b) Foreign currency risk

The Company's functional and reporting currency is the Canadian dollar and major purchases as well as sales are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is minimal.

Sensitivity analysis
Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a twelve-month period:

(i) The Company's cash balances do not earn interest income to give rise to exposure to interest rate risk.

(ii) The Company does not hold balances in foreign currencies to give rise to exposure to foreign exchange risk.

Outlook

A detailed discussion of the Company's business outlook may be found in the Filing Statement dated May 18, 2017 and available at www.sedar.com.

Risks and Uncertainties

Success of the Amendment Application

Newstrike's ability (through Up Cannabis) to sell medical cannabis directly to all authorized persons in Canada is dependent on the approval by Health Canada of an application to amend the terms of its current license to remove the final restriction it faces as an LP. Failure to receive Health Canada's approval for this amendment would have a material adverse impact on the business, financial condition and operating results of Newstrike. Although, Newstrike believes that it will meet the requirements to obtain this approval, there can be no guarantee that it will, or that Health Canada will approve it.

Reliance on License

Up Cannabis' ability to grow, store and sell medical cannabis in Canada is dependent on the continued good standing of its licence. Failure to comply with its requirements or any failure to maintain it would have a material adverse impact on the business, financial condition and operating results of Newstrike. The Licence expires on December 19, 2020. Although Newstrike believes it will meet the requirements of the ACMPR for extension of the Licence, there can be no guarantee that Health Canada will extend or renew the License or, if it is extended or renewed, that it will be extended or renewed on the same or similar terms. Should Health Canada not extend or renew the License or should it renew the License on different terms, the business, financial condition and results of the operation of Newstrike could be materially adversely affected.

In addition, Newstrike will apply, as the need arises, for all necessary licenses to carry on the activities it expects to conduct in the future. However, the ability of Newstrike to obtain, sustain or renew any such licences on acceptable terms is subject to changes in regulations and policies and at the discretion of the applicable authorities. Any loss of interest in any such required licence, or the failure of any governmental authority to issue or renew such licenses upon acceptable terms, could have a material adverse impact.

Regulatory Risks

The activities of Newstrike are subject to governmental regulation, particularly by Health Canada and its Office of Medical Cannabis. Achievement of Newstrike's business objectives are contingent, in part, upon compliance with regulatory requirements enacted by governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products. Newstrike cannot predict the time required to secure all appropriate regulatory approvals, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of Newstrike.

The ACMPR is a new regime established in August, 2016. As such, revisions to the regime could be implemented which could have an impact on operations. There may also be uncertainty regarding the interpretation of certain regulatory provisions by the regulator. Any such revisions or uncertainties could significantly reduce the addressable market and could materially and adversely affect the business, financial condition and results of operations.

Change in Laws, Regulations and Guidelines

Newstrike's operations are subject to a variety laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of medical cannabis but also including laws and regulations relating to health and safety, the conduct of operations and the protection of the environment. While to the knowledge of Newstrike's management, Newstrike is currently in compliance with all such laws, changes to such laws, regulations and guidelines due to matters beyond the control of Newstrike may cause adverse effects to Newstrike's operations.

Availability of the Recreational Market

On April 20, 2016, the Federal Government announced its intention to introduce legislation to legalize the recreational use of cannabis in Canada and Bill C-45 (the Cannabis Act) has, as at the date of this MD&A, passed second reading in the House of Commons\ If the recreational market is not made available, it may have a material and adverse impact on the Resulting Issuer's business, operations and financial condition.

Limited Operating History

The Company has yet to generate revenue from the sale of products. Newstrike is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that Newstrike will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

Reliance on a Single Producing Facility

To date, Newstrike's activities and resources have been primarily focused on the Up Cannabis Primary Facility in Brantford, Ontario and adverse changes or developments affecting this facility could have a material and adverse effect on Newstrike's business, financial condition and prospects.

Reliance on Management

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

Attraction and Retention of Key Personnel Including Directors

Newstrike has a small management team and the loss of a key individual or inability to attract suitably qualified staff could have a material adverse impact on its business. Newstrike may also encounter difficulties in obtaining and maintaining suitably qualified staff in certain of the jurisdictions in which it conducts business. Newstrike will continue to ensure that management, directors and any key employees are provided with appropriate incentives; however, their services cannot be guaranteed.

Potential Conflicts of Interest

Some of Newstrike's directors are also directors and/or officers of other reporting and non-reporting issuers. To the knowledge of the directors and officers of Newstrike, there are no existing conflicts of interest between Newstrike and any of these individuals. Situations may however arise where conflicts do arise. Any conflicts will be subject to and governed by the law applicable to directors' and officers' conflicts of interest. In the event that such a conflict of interest arises at a meeting of the directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the Company's directors are required to act honestly, in good faith and in the best interests of Newstrike.

Newstrike Losses

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

Additional Financing

The continued execution of the Newstrike Growth Strategy is dependent in part on the expansion of operations through the acquisition and construction of additional specialized facilities. Newstrike will require additional equity and/or debt financing to support on-going operations, to undertake capital expenditures or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to Newstrike when needed or on terms which are acceptable. Newstrike's inability to raise financing to support on-going operations or to fund capital expenditures or acquisitions could limit Newstrike's growth and may have a material adverse effect upon future profitability. Newstrike may require additional financing to fund its operations to the point where it is generating positive cash flows.

If additional funds are raised through further issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those they possess prior to such issuances. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Newstrike to obtain additional capital and to pursue business opportunities, including potential acquisitions.

Competition

The production, sales and distribution of cannabis is increasingly competitive. Newstrike faces strong competition from other companies, many of which have greater financial resources, operational experience and technical capabilities. As a result, Newstrke may be unable to maintain its operations or develop them as currently proposed, on terms it considers acceptable or at all. Consequently, Newstrike's revenues, operations and financial condition could be materially adversely affected.

Newstrike is also facing intense competition from other companies, some of which have longer operating histories and greater financial resources and manufacturing and marketing experience than Newstrike. Because of the early stage of the cannabis industry in Canada, Newstrike expects to continue to face additional competition from new entrants. As the number of users of medical cannabis in Canada increases and later, when recreational use is legalized, the demand for products will increase and Newstrike expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, Newstrike will require a continued high level of investment in research and development, marketing, sales and client support. Newstrike may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect its business, financial condition and results.

Risks Inherent in an Agricultural Business

Newstrike's business involves the growing of an agricultural product. As such, the business is subject to the risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks. Although Newstrike grows its products indoors under climate controlled conditions, carefully monitors the growing conditions with trained personnel, there can be no assurance that natural elements will not have a material adverse effect on the production of its products.

Vulnerability to Rising Energy Costs

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

Transportation Disruptions

Due to the perishable and premium nature of Newstrike's products, Newstrike will depend on fast and efficient courier services to distribute its product. Any prolonged disruption of this courier service could have an adverse effect its financial condition and results of operations. Rising costs associated with the courier services Newstrike may use to ship its products may also adversely impact the business of Newstrike and its ability to operate profitably.

Unfavourable Publicity or Consumer Perception

Newstrike believes the cannabis industry in general is highly dependent upon consumer perception regarding the safety, efficacy and quality of the cannabis produced. Consumer perception of Newstrike's products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medical cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the medical cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for Newstrike's products and the business, results of operations, financial condition and cash flows of Newstrike. Newstrike's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on Newstrike, the demand for Newstrike's products, and the business, results of operations, financial condition and cash flows of Newstrike. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of medical cannabis in general, or Newstrike's products specifically, or associating the consumption of medical cannabis with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

Product Liability

As a manufacturer and distributor of products designed to be consumed (ingested and inhaled) by humans, Newstrike faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of Newstrike's products involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of Newstrike's products alone or in combination with other medications or substances could occur. Newstrike may be subject to various product liability claims, including, among others, that Newstrike's products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against Newstrike could result in increased costs, could adversely affect Newstrike's reputation with its clients and consumers generally, and could have a material adverse effect on our results of operations and financial condition of Newstrike. There can be no assurances that Newstrike will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of Newstrike's potential products.

Product Recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of Newstrike's products are recalled due to an alleged product defect or for any other reason, Newstrike could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. Newstrike may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although Newstrike has detailed procedures in place for testing finished products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of Newstrike's significant brands were subject to recall, the image of that brand and Newstrike as its owner could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for

Newstrike's products and could have a material adverse effect on the results of operations and financial condition of Newstrike. Additionally, product recalls may lead to increased scrutiny of Newstrike's operations by Health Canada or other regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Reliance on Key Inputs

Newstrike's business is dependent on a number of key inputs and their related costs including raw materials and supplies related to its growing operations, as well as electricity, water and other local utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the business, financial condition and operating results of Newstrike. Some of these inputs may only be available from a single supplier or a limited group of suppliers. If a sole source supplier was to go out of business, Newstrike might be unable to find a replacement for such source in a timely manner or at all. If a sole source supplier were to be acquired by a competitor, that competitor may elect not to sell to Newstrike in the future. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on its business, financial condition and operating results.

Dependence on Suppliers and Skilled Labour

The ability of Newstrike to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to skilled labour, equipment, parts and components. No assurances can be given that Newstrike will be successful in maintaining its required supply of skilled labour, equipment, parts and components. It is also possible that the final costs of the major equipment contemplated by Newstrike's capital expenditure program may be significantly greater than anticipated by Newstrike's management, and may be greater than funds available to Newstrike, in which circumstance Newstrike may curtail, or extend the timeframes for completing, its capital expenditure plans. This could have an adverse effect on the financial results of Newstrike.

Difficulty to Forecast

Newstrike 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 medical cannabis industry in Canada. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on its business, results of operations and financial condition.

Operating Risk and Insurance Coverage

Newstrike has insurance to protect its assets, operations and employees. While Newstrike believes its insurance coverage addresses all material risks to which it is 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 the risks and hazards to which Newstrike is exposed. In addition, no assurance can be given that such insurance will be adequate to cover Newstrike's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If Newstrike were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if Newstrike were to incur such liability at a time when it is not able to obtain liability insurance, its business, results of operations and financial condition could be materially adversely affected.

Management of Growth

Newstrike may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of Newstrike to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of

Newstrike to deal with this growth may have a material adverse effect on Newstrike's business, financial condition, results of operations and prospects.

Conflicts of Interest

Certain of the directors and officers of Newstrike are also directors and officers of other companies, and conflicts of interest may arise between their duties as officers and directors of Newstrike and as officers and directors of such other companies.

Litigation

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

Volatile Stock Price

The market price of Newstrike's shares may be subject to wide fluctuations in response to many factors, including variations in its operating results, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in business prospects, general economic conditions, legislative changes, and other events and factors outside of its control. In addition, stock markets have from time to time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for Newstrike's shares.

Environmental and Employee Health and Safety Regulations

Newstrike's operations are subject to environmental and safety laws and regulations concerning, among other things, emissions and discharges to water, air and land, the handling and disposal of hazardous and non-hazardous materials and wastes, and employee health and safety. Newstrike will incur ongoing costs and obligations related to compliance with environmental and employee health and safety matters. Failure to comply with environmental and safety laws and regulations may result in additional costs for corrective measures, penalties or in restrictions on our manufacturing operations. In addition, changes in environmental, employee health and safety or other laws, more vigorous enforcement thereof or other unanticipated events could require extensive changes to Newstrike's operations or give rise to material liabilities, which could have a material adverse effect on its business, results of operations and financial condition.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions.

Dividend Policy

Newstrike has never paid dividends. Payment of any future dividends, if any, will be at the discretion of the board of directors after taking into account many factors, including operating results, financial condition, and current and anticipated cash needs

Additional Disclosure for Venture Corporations

Set forth below is a breakdown of the major operational costs incurred by the Company for the following periods:

Detail	**Three months ended March 31, 2017 $**	**Six months ended June 30, 2017 $**
General and administrative expenses	$ 4,881	$ 119,076
Advertising and promotion	23,376	252,104
Consulting and advisory fees	107,016	300,144
Listing fee	7,077,884	7,077,884[3]
Salaries and wages	76,311	308,322
Repairs and maintenance	-	10,619
Investor relations	-	70,392
Professional fees	172,890	696,681
Branding and web design	109,390	172,386
Finance costs	33,469	52,428
Total cost incurred	**7,605,217**	**9,063,786**

Additional Information

Additional information regarding the Company is available on SEDAR at www.sedar.com.

Principal Subsequent Event

On July 12, 2017, Newstrike announced the execution of an agreement between Up Cannabis and Westbrook Greenhouses Ltd for the purchase of the Up Cannabis-Niagara Facility for consideration of $7,300,000, subject to the standard closing adjustments. Prior to closing, Up Cannabis incorporated a wholly-owned, special purpose subsidiary, Up Cannabis Niagara Inc. which acted as the purchaser in the transaction. The acquisition closed on July 27, 2017 and was funded by a combination of Newstrike's existing capital resources and the Short Term Secured Facility, as follows:

(i) Existing capital resources $ 3,599,297

[3] Please refer to Note 4 of the accompanying Interim Financial Statements.

(ii) Short Term Secured Facility (1)	4,000,000
	$ 7,599,897

(1) In July 2017, the Company arranged for a short-term, secured acquisition facility in the amount of $4,000,000 funded by a syndicate led by a contribution of $3.0 million by Beechhill Capital Corp. which is an investment entity controlled by the Van Haeren family. The balance of $1.0 million committed to the Short-Term Secured Facility was funded by a syndicate of Newstrike shareholders, officers and directors which included Mr. Jay Wilgar, the Company's CEO and Mr. Scott Kelly, the Executive Chair. The Company drew-down the Short-Term Secured Facility in full on July 26, 2017, to fund the noted portion of the acquisition of the Up Cannabis-Niagara Facility. The Short-Term Secured Facility is due to be repaid in full on February 15, 2018 and is secured by a general charge over the inventory, assets and undertakings of Up Cannabis as well as a charge on the 16.6 acres of land acquired as part of the Up Cannabis - Niagara Facility. The Short-Term Secured Facility is serviced on an interest-only basis payable monthly during the term at an annual rate of 15% or 1.25% per month. It may be repaid at any time subject to payment of a cancellation fee equal to 1.0% of all amounts then-outstanding.

The Company continues to focus on the execution of its business plan including: (i) the approval of its application to Health Canada to amend its license to allow for the sale of cannabis in all acceptable forms directly to all authorized parties; (ii) continuing to increase production capacity to meet the substantial demand shortage; and, (iii) to develop and acquire successful brands, which it believes will be a key component for success as the market evolves to include recreational use.