Newstrike Brands Ltd.

(Formerly Newstrike Resources Ltd.)

AMENDED MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED

SEPTEMBER 30, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") of the financial condition and results of Newstrike Brands Ltd. (formerly Newstrike Resources Ltd.) (the "Company", "Newstrike", "our" or "we") is for the three and nine months ended September 30, 2017. The information in this MD&A is current as of November 8, 2018 and should be read in conjunction with the amended and restated interim condensed consolidated financial statements and notes thereto for the three and nine months ended September 30, 2017, the audited annual financial statements and notes thereto for the year ended December 31, 2016 (together, the "Financial Statements") and the accompanying MD&A for the year then ended.

The Financial Statements and this MD&A have been 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 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 "Board of Directors"). The Financial Statements were prepared in accordance with and include the accounts of the Company and its wholly-owned subsidiaries, 1977121 Ontario Inc. and UP Cannabis Inc. ("Up Cannabis") (formerly 8455562 Canada Inc.).

Unless otherwise indicated, all financial information in this MD&A is reported in Canadian dollars. All references to the Company contained herein include references to its subsidiaries, as applicable, in the context.

Introduction

Newstrike is a publicly traded corporation, existing under the laws of the Province of Ontario, with its head office located at 1540 Cornwall Road, Suite 204, Oakville, Ontario, L6J 7W5. Newstrike's common shares (the "Shares") trade on the TSX Venture Exchange (the "TSXV") under the ticker symbol "HIP" and on the Frankfurt Exchange under the symbol "ON8".

On May 29, 2017, (the "Effective Date") Newstrike completed a business combination with HPI Holdings Ltd. ("HPI"), pursuant to which HPI amalgamated with 2559595 Ontario Inc., a wholly-owned subsidiary of Newstrike, to form 1977121 Ontario Inc., resulting in the indirect acquisition by Newstrike of all of the issued and outstanding securities of HPI (the "Transaction"). The Transaction was a reverse take-over, pursuant to which HPI and its subsidiary, Up Cannabis, became wholly-owned subsidiaries of Newstrike, all in accordance with a master agreement dated February 3, 2017 as amended on May 18, 2017 (the "Master Agreement"). Up Cannabis is a licensed producer of cannabis and related products under the Access to Cannabis for Medical Purposes Regulations (Canada) (the "ACMPR"). This MD&A represents a discussion of operations and financial condition of the Company after completion of the Transaction.

Newstrike is focused exclusively on executing a growth strategy (primarily through Up Cannabis) of developing a diverse portfolio of high-quality cannabis brands for the adult-use cannabis market ("Newstrike's Growth Strategy").

Important Note on Comparative Periods and Change in Year-End

In connection with the Transaction and in accordance with IFRS 3, the Company's fiscal year-end was changed from March 31 to December 31. The Interim Financial Statements and this MD&A reflect the change in fiscal year-end. The change in year-end aligns Newstrike's fiscal year-end with that of HPI, thereby permitting 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.

For the purposes of preparing this MD&A, management, under the guidance of the Board of Directors, considers the materiality of information presented. 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 the Shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or 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 the System for Electronic Document Analysis and Retrieval ("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"). Such forward-looking statements are not representative of historical facts or information or current condition, but instead represent only the Company's beliefs regarding future events, plans or objectives, many of which, by their nature, are inherently uncertain and outside of the Company's control. 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. The forward-looking statements contained herein may include, but are not limited to, information with respect to the Company's expectations regarding: the legislative framework regarding the licensing of cannabis and related activities; proposed and anticipated changes to Canadian federal laws and provincial regulations regarding the adult-use cannabis market, associated fees and taxes and the business impact on the Company; the potential size of the adult-use cannabis market in Canada; the timing of legalization of adult-use cannabis; the availability of requisite licences and permits on terms acceptable to the Company; the timing of the implementation of the Company's engineering and construction plans; production capacity; sales; estimated operating costs; business prospects and strategy; anticipated trends and challenges in the Company's business and the markets in which it operates; future growth plans; prospective financial performance; anticipated cash needs and need for additional financing; anticipated funding sources; the Company's ability to raise funds in the capital markets; and the Company's financial position. These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. By identifying such statements in this manner, the Company is alerting the reader that such information and statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance, or achievements of the Company to be materially different from those expressed or implied by such information and statements.

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 are as of the date of this MD&A.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond Newstrike's ability to predict or control. Forward-looking statements are based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, and are inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to: the Company's failure to receive or maintain the requisite licences and other approvals to cultivate, store and sell cannabis in all acceptable forms to all eligible individuals; management's expectations that requisite licences and permits will be available on terms acceptable to the

Company; regulatory risks and risks related to changes in laws, regulations and guidelines; the Company's limited operating history; the Company's reliance on limited production capacity; the Company's goal of creating shareholder value by successfully executing its growth strategy to become a top tier marketer of branded cannabis and related products, as permitted by the evolving market for such products; access and supply risks; reliance on, and attraction and retention of, key personnel; the Company's ability to achieve or maintain profitability; the Company's ability to secure additional financing on acceptable terms; risks related to increased competition in the cannabis industry generally; the Company's ability to manage growth; risks inherent to an agricultural business; the Company's reliance on key inputs; the Company's vulnerability to rising energy costs; the Company's reliance on fast and efficient courier services to distribute its products; consumer perception of the cannabis industry; risk of exposure to product liability claims; risks related to product recalls; the Company's dependence on suppliers and skilled labour; operating risk and adequacy of insurance coverage; management's outlook regarding future trends, outlook and activities; risks related to global financial conditions; uncertain political and economic environments; potential conflicts of interest; litigation risks; fluctuations in the Company's stock price; environmental hazards and industrial accidents; environmental liability; future plans for the property interests held by the Company or which may be acquired on a going forward basis, if at all; restrictions imposed by the TSXV in connection with the Company's business; as well as the risks discussed under the heading "Risk Factors" of the Company's Annual Information Form dated May 30, 2018 and the risk factors discussed in this MD&A under the heading "Risks and Uncertainties".

Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. All forward-looking statements herein are qualified by this cautionary statement. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws. Accordingly, readers should not place undue reliance on forward-looking information. 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 nine months ended September 30, 2017, Newstrike focused primarily on the completion of the Transaction and the development and execution of Newstrike's Growth Strategy which it believes provides the best available prospects for the creation of durable, long-term value for all shareholders.

Operational Highlights

Nine Months Ended September 30, 2017

Corporate Activities

- Entered into the Master Agreement, and completed the Transaction as of the Effective Date in conjunction with a private placement (the "Private Placement") that raised aggregate gross proceeds of $4.625 million; Acquired all of the issued and outstanding shares of Enderlein Nurseries Ltd. ("Enderlein") which provides the potential to increase production capacity;
- Made four appointments to the board of directors and created an advisory board in connection with the Transaction;
- Formed Up Cannabis Niagara Inc., a wholly owned subsidiary of Up Cannabis, which subsequently entered into an agreement dated July 11, 2017 with Westbrook Greenhouses Ltd. (the "Westbrook Agreement") for the purchase of approximately 16.6 acres of land, assets, equipment and an existing greenhouse located in Beamsville, Ontario (the "Niagara Facility") for consideration of $7,300,000, subject to the certain closing adjustments; and
- Completed the acquisition of the Niagara Facility on July 27, 2017.

Principal Operations

- During the period, the Company earned no revenue as it was unable to sell cannabis until it obtains an amendment to its existing licence, which has been submitted to Health Canada but not yet approved;
- Accumulated dried and finished goods cannabis inventory in anticipation of the sales amendment and the legalization of recreational cannabis; and
- Diligently and efficiently managed costs to: build the Up Cannabis brand through marketing activities; develop its online presence; build its staff complement by hiring additional production staff and several mid-level and senior manager appointments; engage consultants during the transition phase for HPI; and undertake various corporate activities.
- 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 (the "Primary Facility") 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 licence to permit Up Cannabis to sell cannabis in all acceptable forms to all authorized persons thereby removing the last material licence restriction and effectively providing Up Cannabis with the ability to sell cannabis directly to all authorized medical clients.

Branding – Up Cannabis

- Executed an investment and exclusive advisory agreement with Canadian musical legends, The Tragically Hip and members of their management team, to collaborate with the Company to develop brands and strategies to elevate its profile within the evolving regulatory framework for cannabis; and
- Launched the Up Cannabis brand and conducted marketing activities to build the adult-use cannabis focused profile of the brand.

Financing Activities

- Generated approximately $4,600,000 through the exercise of convertible securities;
- Entered into a secured short-term debt facility in the amount of $4,000,000 (the "Short-Term Secured Facility") funded by a syndicate led by Beechhill Capital Corp. (in the amount of $3,000,000) which is an investment entity controlled by the Van Haeren family. Nik Van Haeren is a director of the Company. The syndicate also included Jay Wilgar, an officer and director of Newstrike and Scott Kelly, the former Executive Chair. The Short-Term Secured Facility is due on February 15, 2018 and is secured by a general charge over the inventory, assets and undertakings of Up Cannabis as well as a second mortgage charge on the 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; and
- Completed an arms-length financing (the "Debenture Financing") pursuant to which the Company issued a convertible debenture in the amount of $4,000,000 (the "Debenture"), secured by way of a first mortgage charge on the land at the Niagara Facility. The Debenture has a term of three (3) years at an interest rate of 8% per annum, and matures on September 29, 2020. Repayment terms are interest only, payable quarterly with the balance payable on maturity, subject to conversion. The Debenture is repayable in certain circumstances, including a change of control, and may be converted into Shares at a price of $0.365 per Share (or 10,958,904 Shares in total) at any time prior to its maturity. In addition, 10,958,904 share purchase warrants were issued in connection with the Debenture Financing, each exercisable at a price of $0.42 per Share, until September 29, 2020. The stated uses of proceeds with respect to the Debenture are (i) at least $3,000,000 for the build out and retrofit of the Niagara Facility; and (ii) up to $1,000,000 for general corporate purposes.

Expenses

- Incurred increased finance costs since the acquisition of the Niagara facility based on the Short-Term Secured Facility, the introduction of a share based compensation program through a larger issuance of options in July 2017 amounting to an effective expense of $2,746,025 (2016 - $ Nil) and other growth related costs including travel, telecommunications and IT costs associated with the brand presence and larger office facility, which the Company took occupancy of on September 1, 2017; and
- The Company incurred a larger than anticipated loss of $ 3,942,182 (2016 - $ 74,803) in the third quarter due to the share based compensation expense in July of $ 2,746,025 (2016 - $ Nil) and the accelerated expenditures on branding and marketing and a combined loss for the nine-month period of $ 13,022,137 (2016 - $ 237,766) due as a result of the listing expense related to the Transaction completed in May 2017.

Events Subsequent to September 30, 2017

- Subsequent to September 30, 2017, Up Cannabis Niagara Inc. was amalgamated with Up Cannabis Inc. to form Up Cannabis.
- Subsequent to September 30, 2017, the Company's wholly-owned subsidiary, Up Cannabis, entered into a definitive supply agreement with the Alberta Gaming, Liquor & Cannabis Commission ("AGLC") that is expected to result in a variety of Up Cannabis product sold via AGLC approved strategic retail partners and locations, and through the AGLC.
- Subsequent to September 30, 2017, the Company's wholly-owned subsidiary, Up Cannabis, entered into a Memorandum of Understanding with the British Columbia Liquor Distribution Branch ("BCLDB") that is expected to result in a variety of Up Cannabis product sold via BCLDB-approved strategic retail partners and locations.
- Subsequent to September 30, 2017, the Company changed its name from "Newstrike Resources Ltd." to "Newstrike Brands Ltd." and appointed Peter Hwang as its Chief Commercial Officer.
- Subsequent to September 30, 2017, the Company sold all of its shares in Enderlein Nurseries Ltd. for $2,504,500. In accordance with the agreement, there was a $1,025,000 holdback that is receivable when Enderlein Nurseries Ltd. receives a license from Health Canada under ACMPR.
- Subsequent to September 30, 2017, the Company entered in an agreement for a $4,000,000 secured loan. The loan bore interest at 15% per annum and matured on March 15, 2018. The loan was repaid subsequently.
- Subsequent to September 30, 2017, the Company issued a $4,000,000 secured debenture convertible at the option of the holder at $0.365 per share, and bearing interest at 8% per annum due in 3 years. The debenture was converted into 10,958,904 common shares subsequently.
- Subsequent to September 30, 2017, the Company issued 69,701,500 units of the Company at a price of $1.32 per unit for gross proceeds of $92,005,980. Each unit consists of one common share and one warrant. Each warrant entitles the holder to acquire one common share at a price of $1.75 per share for a period of two years. Pertaining to the financing, the Company paid agent fees of $5,646,052 and issued 4,182,090 compensation warrants.
- Subsequent to September 30, 2017, the Company raised gross proceeds of $51,750,000 by issuing 69,000,000 units of the Company. Each unit consists of one common share and one-half of one common share purchase warrant. Each warrant entitles the holder to acquire one common share at a price of $1.00 per share for a period of 5 years. Pertaining to the financing, the Company paid agent fees of $3,105,000 and issued 4,140,000 compensation warrants. Each compensation warrant entitles the holder to purchase one common share at a price of $0.75 for a period of two years following the closing date of the financing.
- Subsequent to September 30, 2017, the Company entered into an agreement with CanniMed Therapeutics Inc. ("CanniMed") pursuant to which CanniMed would acquire all of the outstanding shares of the Company by way of a plan of arrangement. The agreement was terminated subsequently and a termination fee of $9,500,000 was paid to the Company.

- Subsequent to September 30, 2017, the Company issued 3,107,486 common shares for the exercise of stock options for aggregate proceeds of $1,151,978.
- Subsequent to September 30, 2017, the Company issued 11,461,404 common shares for exercise of warrants for aggregate proceeds of $4,640,427.

See also "Trends" below.

Discussion of Principal Operations

Newstrike's cannabis business is primarily operated through its wholly-owned subsidiary, Up Cannabis. The ACMPR is the regulatory framework governing the activities of licensed producers of cannabis ("LP"), including the production, distribution, storage and sales of cannabis and related products in Canada.

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 Cannabis Act and regulations come into force. On June 16, 2017, Newstrike officially renamed 8455562 Canada Inc., as "UP Cannabis Inc." thereby launching the Up Cannabis brand. The Company notes that LPs, which are currently the only entities permitted to supply the medical cannabis market, will also have the right to supply the Canadian adult-use market in terms of the Cannabis Act. The Company will continue its plan to migrate its ISO 9001:2015 certified quality management systems and Good Manufacturing Practice ("GMP")-ready standard operating procedures ("SOPs") it developed for the Brantford Facility to its expanding portfolio of production facilities. In doing so, management expects that Up Cannabis will continue to build cannabis supply of a consistent and premium quality. At the same time, in preparation for the legalization of adult-use cannabis, the Company continues to build on its relationship 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".

Key to the successful execution of Newstrike's Growth Strategy is the development, expansion 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, as the law permits, all authorized consumers. Additionally, the identification and development of key sales and distribution channels is of critical importance to maximize the benefits of the Newstrike Growth Strategy. The following is an overview of the Company's production facilities and pertinent operational and financial information.

Newstrike, through Up Cannabis, operates cannabis 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 ("Brantford Facility"); and
- approximately 160,000 square feet is being retrofitted since obtaining its cultivation licence on March 29, 2018 and has begun production ("Niagara Facility").

The Company, through Up Cannabis, is licensed to:

- cultivate and process an unlimited amount of cannabis at the Brantford Facility;
- produce an unlimited amount of cannabis oils at the Brantford Facility; and
- sell cannabis in all authorized forms to all authorized persons in accordance with the ACMPR from the Brantford Facility only.

Under the ACMPR, Up Cannabis may also apply to have additional production locations/facilities licensed as "adjunct" facilities under an existing licence. Up Cannabis has already used such provision to licence the Niagara Facility for cultivation and intends to continue to rely on this section of the ACMPR as warranted.

Production Facilities

The Company has two production facilities in Ontario:

(i) the Brantford Facility; and
(ii) the Niagara Facility.

Brantford Facility

The Brantford Facility is fully operational and licensed with an annual estimated production of 2,000 kg of dried cannabis. It 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 Brantford Facility and the SOPs comply with the Good Production Practices standards mandated by the ACMPR and may facilitate compliance, as commercially warranted, with the Good Manufacturing Production standards required for the production of narcotics and other pharmaceuticals, subject to the GMP requirements at such time. The quality management system at the Brantford Facility has been certified to ISO 9001:2015.

The Brantford Facility is currently configured into five, discrete grow-rooms, each of which can be completely quarantined from the rest of the facility to help prevent disease, molds and pest infestations from spreading, reducing the impact such risks present to agricultural operations. The Brantford Facility has 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 Brantford Facility is independently controlled and monitored, and each strain of cannabis produced in the Brantford Facility is subjected to rigorous and ongoing analytical testing.

Niagara Facility

In July 2017, the Company, through its subsidiary Up Cannabis Niagara Inc. (which amalgamated with Up Cannabis Inc. on July 1, 2018), acquired this greenhouse facility in an asset purchase transaction. Following the completion of an initial retrofit to satisfy the Health Canada requirements, an application for a licence to cultivate cannabis was made in late 2017.

The Niagara Facility is a fully-automated, modern "Dutch-Tray" 200,000 square foot greenhouse facility (of which approximately 160,000 square feet are dedicated to production) with finished administration, packaging and shipping/receiving areas, all situated on approximately 16.6 acres of land. Health Canada issued a producer's licence to cultivate on March 29, 2018 permitting the production of dried and fresh marihuana, marihuana plants and seeds, cannabis in its natural form, cannabis resin and cannabis oil to Up Cannabis for the Niagara Facility.

Management expects that the Niagara Facility will produce approximately 15,000 kg of dried cannabis upon completion of the greenhouse retrofit.

Assuming the complete build out of the Niagara Facility as is currently in progress, the complete potential near-term aggregate annual production will be approximately 30,000 kg of dried cannabis.

Debt Financings

In the three (3) months ended September 30, 2017, Newstrike raised $8.0 million via the Short-Term Secured Facility and the Debenture Financing, as follows:

Debt Instrument	Principal Amount	Date Issued	Use of Proceeds
Short-Term Secured Facility	$4,000,000	July 27, 2017	Acquisition of Niagara Facility
Debenture	$4,000,000	September 29, 2017	(I) at least $3,000,000 for retrofit of Niagara Facility; (II) up to $1,000,000 million for general corporate purposes

The Company entered into these debt financings to provide some of the capital required to commence cannabis production capacity expansion to cater to expected demand and to facilitate execution of Newstrike's Growth Strategy.

Branding "Up Cannabis"

In its efforts to establish and build brand awareness and loyalty, effective January 12, 2017, HPI entered into a comprehensive licensing and promotional services agreement with the Hip and members of its management team (the "Hip Agreement") to collaborate and develop marketing initiatives to elevate the profile of (i) the Company generally, as well as (ii) its branded products. Pursuant to the Hip Agreement, HPI issued 3,000,000 shares of HPI with an issue price of $1.00 per share to the members of the Hip and to third party beneficiaries as directed by the Hip as full satisfaction of (i) an up-front licensing fee, (ii) a non-refundable advance against four years future royalties and (iii) the exclusive right, subject to final approval from the Hip to:

- copy, display, distribute and otherwise use the names, likenesses and images of the Hip and each individual member;
- use the names, content and recordings of all of the Hip's songs in Canada, both on and in association with HPI's products and the marketing and promotion of HPI's products, including packaging and related merchandise; and
- to use the Hip's name and song names as strains of cannabis, extracts and derivatives in Canada.

The Hip Agreement also provides for ongoing royalties equal to 2.5% of the gross-revenue received by Up Cannabis from the sale of products bearing the brand or likeness the Hip.

Liquidity and Capital Resources

At September 30, 2017, cash was $5,027,195 (December 31, 2016 - $78,885). At September 30, 2017, the Company had working capital of $2,344,705 (December 31, 2016 – (($314,972)). The increase in cash was due to various equity raises prior to the Transaction and additional debt financings in July and September, 2017 totaling $16,909,630. Cash is not expected to be sufficient to finance the ongoing operations and capital programs and, subject to the completion of the Arrangement, the Company plans to raise additional funds through either equity or debt offerings, the possible divestiture of non-core/non-strategic assets and/or commencing the sale of cannabis once the licence amendment is approved, which is anticipated before December 31, 2017, to meet capital needs.

Summary Cash Flow Statement	Nine months ended September 30, 2017 ($)	Nine months ended September 30, 2016 ($)
Cash flows from (used in):		
Operating activities before working capital changes	(13,022,137)	(237,766)
Changes in non-cash working capital	(1,043,092)	(768,297)
Operations	(4,160,864)	(1,006,063)
Investing Activities	(7,800,456)	(466,063)
Financing activities	16,909,630	1,500,000
Increase (Decrease) in cash	4,948,310	47,874
Cash, beginning of period	78,885	4,984
Cash, end of period	5,027,195	52,858

Operating Activities

Cash used in operating activities was $4,160,864 for the nine months ended September 30, 2017 (2016 - $1,006,063). Operating activities were affected by the net change in non-cash working capital balances of $1,043,092 (2016 - $768,297) because of an increase in accounts receivable of $499,434 (2016 - $145,562), an increase in biological assets of $1,107,589 (2016 - $Nil) and inventory of $43,754 (2016 - $Nil), a decrease in prepaids of $23,490 (2016 - $Nil) and an increase in amounts payable and other liabilities of $584,195 (2016 – ($622,735)) for the nine months ended September 30, 2017.

As noted above, the Company expects to enhance its liquidity through a combination of equity issuances and debt financings, as well as consideration of the divestiture of non-core/non-strategic assets. These are the principal sources of operating cash until to the Company can affect sales of its product, once the licence amendment for sales is granted. The Company is considering all possible revenue streams including wholesaling its cannabis, which would generate greater liquidity for ongoing operations quickly.

Investing Activities

Net cash used in investing activities during the first nine months of 2017 was $7,800,456, (2016 - $ 446,063) which was mostly expenditures on capital equipment via the acquisition of the Niagara Facility.

Financing Activities

Cash of $16,909,630 (2016 - $ 1,500,000) was generated from the Company's financing activities during the first nine months 2017.

Financing Activity Related to the Transaction

In connection with the Transaction, HPI completed a non-brokered private placement of debentures in an aggregate principal amount of $1,500,000 on February 10 and February 15, 2017. These debentures were automatically converted into an aggregate of 1,695,000 Shares on the Effective Date in connection with the Transaction. In addition, on March 7, 2017, Newstrike completed a non-brokered private placement of 25,000,000 subscription receipts ("Subscription Receipts") at a price of $0.125 each to raise gross proceeds of $3,125,000. On the Effective Date, the Subscription Receipts were automatically converted into an aggregate of 25,000,000 Shares in connection with the Transaction.

Effective June 30, 2017, an aggregate of 16,000,000 share purchase warrants previously issued as part-consideration for the Enderlein Facility (the "Enderlein Warrants") were exercised for gross proceeds of $2,000,000 and 16,000,000 Shares issued as a result thereof. Each Enderlein Warrant, entitled the holder to acquire one share of Newstrike for the effective exercise price of $0.125. All Enderlein Warrants have been exercised and no other Enderlein Warrants remain outstanding.

Financing Activity Subsequent to the Transaction

On July 13, 2017, Newstrike announced the execution of an agreement between Up Cannabis and Westbrook Greenhouses Ltd. for the purchase of the Niagara Facility for consideration of $7,300,000, subject to the certain 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
(ii) Short-Term Secured Facility	$ 4,000,000
	$ 7,599,897

On September 29, 2017, the Company completed the Debenture Financing, pursuant to which it issued the Debenture, secured by way of a first charge/mortgage on the land at 5640 South Service Road, Beamsville, Ontario (the "Niagara Facility"). The Debenture has a term of three (3) years at an interest rate of 8% per annum, and matures on September 29, 2020. Repayment terms are interest only, payable quarterly with the balance payable on maturity, subject to conversion. The Debenture is repayable in certain circumstances, including a change of control, and may be converted into Shares at a price of $0.365 per Share (or 10,958,904 Shares in total) at any time prior to its maturity. In addition, 10,958,904 share purchase warrants were issued in connection with the Debenture Financing, each exercisable at a price of $0.42 per Share, until September 29, 2020. The stated uses of proceeds with respect to the Debenture are (i) at least $3,000,000 for the build out and retrofit of the Niagara Facility; and (ii) up to $1,000,000 for general corporate purposes.

In addition, as part of the Debenture Financing, the Company delivered an undertaking to take reasonably commercial efforts to obtain (i) a letter of credit in the amount of $1,000,000 or ii) insurance in the same amount, in respect of a commitment to acquire the remaining orchid inventory on hand from the vendor at the expiration of its lease on February 28, 2018 or in the event of early termination by the Company. The undertaking currently expires on November 30, 2017. The Company has obtained crop insurance in the amount of $750,000 in the event that the vendor's orchid inventory is damaged during the Niagara Facility retrofit process.

On July 27, 2017, the Company arranged for the Short-Term Secured Facility in the amount of $4,000,000 funded by a syndicate led by a contribution of $3,000,000 by Beechhill Capital Corp., which is an investment entity controlled by the Van Haeren family. The balance of $1,000,000 was funded by a syndicate of Newstrike shareholders, officers and directors which included Jay Wilgar, the Company's CEO and Scott Kelly, the former Executive Chair. The Company drew-down the Short-Term Secured Facility in full on July 26, 2017, to fund a portion of the purchase price for the 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 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. See also "Related Party Transactions".

The Company at this time has no operating revenues. Subject to the receipt of all regulatory approvals, the Company will determine a sales strategy and expects to utilize its current cash reserves, funds obtained from the exercise of convertible securities (if applicable) 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 to meet its operating and growth objectives on reasonable commercial terms. See "Risks and Uncertainties" and "Liquidity and Capital Resources".

Liquidity

At this time the Company does not have sufficient cash on hand to meet its current financial obligations as they come due but the Company expects to be in a position to realize on a portion of its biological asset inventory prior to December 31, 2017 to be in a position to meet its current financial obligations as they come due. Additionally, the Company is considering the divestiture of any non-core/non-strategic assets. Liquidity is primarily influenced by the operational performance of its production facilities, the level of spending on its branding and marketing initiatives and capital programs, the ability to obtain external sources of financing, and results of any future sales of product.

The Company monitors its liquidity on a continuous basis to ensure there is sufficient capital to meet business requirements and to provide adequate returns to shareholders and benefits to other stakeholders. The Company manages the capital structure and adjusts it considering changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may, where necessary, control the amount of working capital, pursue financing, and manage the timing of its capital, branding, and marketing expenditures.

Financial and Other Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and debentures. The Company's management does not believe that the Company is exposed to significant interest, currency or credit risk arising from these financial instruments. Management does not believe that the Company is exposed to significant interest, currency or credit risk arising from these financial instruments.

Statement of Financial Position

Select Financial Position Data as at	September 30, 2017 ($)	December 31, 2016 ($)	% Change
Total Assets	23,690,501	2,528,214	837 %
Current Liabilities	5,797,520	479,621	1,109 %
Non-Current Liabilities	4,908,891	1,196,453	310 %
Shareholder's Equity	12,984,090	852,140	1,424 %

Assets

Newstrike's assets are comprised of cash and cash equivalents, inventory, biological assets, miscellaneous receivables, intangibles and property plant and equipment. The substantial increase from December 31, 2016 is due to the completion of the Transaction, various capital acquisitions including the Enderlein and Niagara transactions and cash raised through equity issuances and debt financings.

Liabilities

Current liabilities were $5,797,520 as at September 30, 2017, a substantial increase of 1,109% over December 31, 2016 of $479,621 due to the increased business activity increasing payables and other liabilities and a short-term debt facility in connection with the purchase of the Niagara Facility.

Non-Current Liabilities were $4,908,891 as at September 30, 2017, a substantial increase of 310 % over December 31, 2016 of $1,196,453 due principally to the issuance of a long-term convertible debenture in September 2017.

Shareholder's Equity

Shareholder's equity has increased to $12,984,090 as at September 30, 2017 from $852,140 as at December 31, 2016 as a result of various equity raises and option and warrant exercise related to and subsequent to the Transaction. Additionally, reserves have increased as a result of an option grant during the period, all of which has been partially offset by the current period loss of $13,022,137.

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

On April 13, 2017, the Federal Government tabled Bill C-45 (the "Cannabis Act") which has been drafted to legalize the recreational use of cannabis in Canada. The Government of Canada has indicated that it intends to bring the proposed Cannabis Act into force no later than July 2018, subject to the approval of Parliament and Royal Assent. To support implementation of the proposed Act, regulations would need to be enacted in a range of areas, such as cannabis product standards and packaging and labelling requirements, to ensure that the risks and harms of cannabis are appropriately addressed under the legal framework.

In many cases, Health Canada is proposing to build upon established regulatory requirements that have long been in place for current producers of cannabis for medical purposes or industrial hemp. Enacting many of the same types of strict regulatory controls for production under the proposed Cannabis Act would allow for legal and quality-controlled products to be available by July 2018 and immediately begin to address the public health and safety risks posed by illegally-produced cannabis. On November 21, 2017, the Government issued a consultation paper titled "A Proposed Approach to the Regulation of Cannabis", the purpose of which is to solicit public input and views on the approach to these regulations. This detailed document lays out in significant detail the proposed form and breadth of the regulatory regime that the Government plans to enact as part of the Cannabis Act coming into force on July 1, 2018.

The commencement of this formal consultative process reaffirms the Government's commitment to launching an adult-use market on July 1, 2018, however, the Company recognizes that implementation may still be delayed, in part, as a result 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 Government's 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 marihuana 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 SOPs it developed for the Principal Facility to its expanding portfolio of production facilities. In doing so, Up Cannabis will continue to build cannabis supply of a consistent and premium 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.

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 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 Interim Financial Statements; and (ii) the 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 ("ICOFR"), 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.

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 ICOFR 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.

Summary of Quarterly Information

A summary of selected information for each of the eight most recent quarters is set out below.

Three months ended	Total sales ($)	Net Loss ($)	Basic and diluted loss per share ($)
2017-September 30	Nil	($3,942,182)	(0.01)
2017-June 30	Nil	(8,457,454)	(0.06)
2017-March 31	Nil	(729,309)	(0.02)
2016 – December 31	Nil	(629,788)	(0.02)
2016 – September 30	Nil	(74,803)	(0.00)
2016 – June 30	Nil	(63,369)	(0.00)
2016 – March 31	Nil	(99,593)	(0.00)
2015 – December 31	Nil	(111,498)	(0.07)

Discussion of Operations

No Revenue / Net Loss

During the nine month period ending September 30, 2017, Newstrike had suspended its legacy mineral resource operations and commenced its cannabis business, all as of the Effective Date pursuant to the Transaction. Newstrike did not generate any revenue during this period, and as a result, Newstrike had a net loss of $3,942,182 (2016 - $74,803) for the three months ended September 30, 2017 and a year to date loss of $13,022,137 (2016 - $237,766). The net loss was principally driven by the listing expense of $7,099,152 (2016 - $ Nil) incurred in connection with the Transaction and share based compensation expense of $2,746,025 (2016 - $ Nil) in connection with option grants of the Company on July 26, 2017 as well as various operating expenses which are described in more detail below.

Biological Assets and Inventory

During the current period, the Company's regulatory status only permitted the sale of cannabis to other Licensed Producers, on a one-time exemption basis but not to all eligible persons, both as defined under the ACMPR. As a result, all of the costs of production have been accounted for as inventory of cannabis plants in the pre-harvest stage of production ("Biological Assets"). Costs to sell include energy and utility costs, nutrients, raw materials, testing, together with any direct material and direct labour costs. It is anticipated that, once sales commence, the cost of sales will be reflected in the gross margin calculation, together with any revaluation for the mark-to-market of the Biological Assets, pursuant to IAS 41. For the quarter ended September 30, 2017, costs attributable to biological assets and inventory amounted to $655,637 (2016 - $ Nil) and a year to date total of $1,518,598 (2016 - $ Nil).

General and Administrative Expenses

For the three months ended September 30, 2017, general and administrative expenses totalled $482,846 (2016 - $11,078) and $628,829 (2016 - $45,378) for the year-to-date. For the third quarter and year to date, costs increased significantly as the Company moved from its previous business model to operationalizing its current cannabis-focused business. Significant general and administrative costs are associated with the growth in head office personnel and corresponding additional overhead costs.

Sales, Marketing and Business Development

Sales, marketing and business development expenses consist of expenditures on advertising, promotion, market awareness and testing and branding. For the three months ended September 30, 2017, sales, marketing and business development expenses were $267,571 (2016 - $ Nil) and year-to-date, sales, marketing and business development expenses totalled $684,072 (2016 - $ 7,665). Increased expenses for the period over period and year-to-date, can be attributed to adding expert personnel and increased expenditures on designing and procuring branded materials, conducting marketing testing and executing awareness campaigns.

Wages and Benefits

Wage and benefits expenses consist of expenditures on head office staff and the management team in Oakville, Ontario, which is approximately 30% of our overall head count of approximately 45 team members and continues to grow quickly. For the three months ended September 30, 2017, wages and benefits expenses were $254,757 (2016 -$7,422); year-to-date, wages and benefits expenses were $520,496 (2016 - $18,077).

Share-based Compensation

The Company has an established stock option plan under which Share purchase options may be granted to directors, officers, consultants and key employees. For the three months ended September 30, 2017, the share-based compensation expense was $2,746,025 (2016 - $ Nil) as a result of a large grant of options granted in July 2017. There were no other option grants for the remainder of the year to date. Additional share based compensation amounts will be expensed as options vest in future periods.

Finance Costs

Finance costs include bank fees, interest and borrowing costs. For the three months ended September 30, 2017, finance costs of $85,983 (2016 - $ Nil) were charged and the year to date finance costs were $116,962 (2016 - $27,263). The increased costs are due to the arranging and servicing of the Short-Term Secured Facility for the purchase of the Niagara Facility.

See also "Discussion of Principal Operations" above and "Risks and Uncertainties" below.

Related Party Transactions

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.

In the nine-month period ended September 30, 2017, Newstrike entered into the following transactions with related parties:

(a) Provision of Corporate Secretarial and Financial Reporting Services and Marketing Services

For the period commencing on January 1, 2017 and ending on the Effective Date, 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"). MSSI ceased to be engaged by Newstrike as of the Effective Date and DSAC continues to act for the Company to provide corporate secretarial and related services. Following completion of the Transaction, the Company internalized all of the functions performed by MSSI and many, but not all of the tasks performed by DSAC. Nugen Capital Corp ("Nugen") has been engaged by the Company to provide services in respect of the development and execution of the Company's marketing and branding initiatives and to map out its strategy going forward in anticipation of the legalization of the recreational market for cannabis. The amounts paid to each of MSSI, DSAC and Nugen are shown below.

Names	Three months ended September 30, 2017 ($)	Three months ended September 30, 2016 ($)	Nine months Ended September 30, 2017 ($)	Nine months Ended September 30, 2016 ($)
Marrelli Support Services Inc.	Nil	Nil	8,430	Nil
DSA Corporate Services Inc. ("DSAC") (ii)	8,950	Nil	12,810	Nil
Nugen (iii)	22,500	Nil	60,000	Nil
Total	31,450	Nil	81,240	Nil

(i) The former Chief Financial Officer of the Company, is the president of MSSI. Fees are related to the Chief Financial Officer function and accounting services provided by MSSI. As at September 30, 2017, MSSI was paid in full for all services provided up to and including the Effective Date.

(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 September 30, 2017, DSAC was owed $8,950 and this amount was included in amounts payable and accrued liabilities.

(iii) On February 1, 2017, Nugen, a company controlled by 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 Primary Facility. To the best of Newstrike's knowledge, the Van Haeren family are the Company's largest shareholders holding an aggregate of approximately 104,217,185 Shares (representing approximately 18.8% of the issued and outstanding Shares as of the date of this MD&A) and who are represented on the Board of Directors by Nik Van Haeren. This lease is for a principal amount of $1,300,000 at an annual interest rate of 8.6% 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 Facility

On July 27, 2017, the Company arranged for the Short-Term Secured Facility in the amount of $4,000,000 funded by a syndicate led by a contribution of $3,000,000 by Beechhill Capital Corp., which is an investment entity controlled by the Van Haeren family. Nik Van Haeren is a director of the Company. The balance of $1,000,000 was funded by a syndicate of Newstrike shareholders, officers and directors which included Jay Wilgar, the Company's CEO and Scott Kelly, the former Executive Chair. The Company drew-down the Short-Term Secured Facility in full on July 26, 2017, to fund a portion of the purchase price for the 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 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

The authorized share capital of Newstrike consists of an unlimited number of Shares. As at September 30, 2017, the Company had 389,534,346 issued and outstanding Shares.

At September 30, 2017, the Company had 23,334,795 options outstanding, each exercisable to acquire one Share, as follows:

Options	Expiry Date	Exercise Price
750,000	December 31, 2021	$0.20
22,584,795	July 25, 2020	$0.38
23,334,795		

At September 30, 2017, the Company had 12,466,404 share purchase warrants outstanding, each exercisable to acquire one Share, as follows:

Warrants	Expiry Date	Exercise Price
1,507,500	September 20, 2021	$0.075
10,958,904	September 29, 2020	$0.42
12,466,404		

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 September 30, 2017 totalled $12,984,090 (December 31, 2016 - $ 852,140).

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.

The Company's capital management objectives, policies and processes have remained unchanged during the three months ended September 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 September 30, 2017, the Company is compliant with TSXV Policy 2.5

Financial Instruments

List of Significant Financial Instruments

	As at September 30, 2017 ($)	As at December 31, 2016 ($)
Financial Assets:		
Cash	5,027,195	78,885
Investments	31,000	-
Loan receivable	85,500	-
Financial Liabilities:		
Amounts payable and other liabilities	1,474,524	364,202
Finance Leases	2,021,043	919,361
Secured loans	3,960,000	-
Convertible debentures	3,250,844	392,511

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 fulfill its payment obligations. The Company's credit risk is primarily attributable to cash.

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 September 30, 2017, the Company had cash of $5,027,195 (2016 - $78,885) to settle current liabilities of $5,797,520 (2016 - $479,621). The Company's financial liabilities are comprised of both shorter and longer term debt, and are subject to either normal trade terms or the specific terms set out in the Short-Term Secured Facility and the Debenture. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity. The Company anticipates the approval of its amendment to its licence to sell its cannabis products. This will materially alter, in a positive way, its liquidity position to, in our view, allow it to continue to meet its financial obligations as and when they fall due.

(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 September 30, 2017, the Company did not have any surplus cash which was not allocated to operational or capital project 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, but do not impact the operation or the liquidity of the Company:

(i) the Company's cash balances are not exposed to material interest rate risk; and

(ii) the Company does not hold any material balances receivable or payable 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 of the Company dated May 18, 2017 and available at www.sedar.com.

More particularly, the Company has affected its strategic goals of increasing production through the acquisition and build out of the Niagara Facility, which has the potential to increase estimated production capacity to approximately 25,000 kg by year end of 2019. In addition, the Company has increased its spending on marketing and branding in anticipation of the opening of the recreational market, built out is head count and bench strength as needed to absorb the additional workload required to build the organization, and has raised initial funding to affect such these initiatives.

To Company anticipates approval of its amendment to its licence to allow sales of its cannabis products prior to December 31, 2017. On that basis it continues to build out its production capacity, develop and execute on its branding and marketing initiatives planning for legalization of the sale of recreational cannabis in July 2018 and seek financing for same. For more information, please refer to the "Risks and Uncertainties" section.

Risks and Uncertainties

Reliance on Licence

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

In addition, Up Cannabis will, as the need arises, apply for all necessary licences, including any approvals required to operate ancillary/adjunct site locations, 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 licences upon acceptable terms, could have a material adverse impact.

Regulatory Risks

The activities of Newstrike's wholly-owned subsidiary, Up Cannabis, 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 was established in August 2016 and is being replaced by the Cannabis Act in October 2017. 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 of Newstrike.

Change in Laws, Regulations and Guidelines

Newstrike's operations are subject to a variety of laws, regulations and guidelines relating to the manufacturing, 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 in all material respects, changes to such laws, regulations and guidelines due to matters beyond the control of Newstrike may cause adverse effects to Newstrike's operations.

On June 30, 2016, the federal government established the Task Force on Cannabis Legalization and Regulation (the "Task Force") to seek input on the design of a new system to legalize, strictly regulate and restrict access to adult-use cannabis. On December 13, 2016, the Task Force completed its review and published a report outlining its recommendations.

On April 13, 2017, the Government of Canada released Bill C-45, which proposed the enactment of the Cannabis Act, to regulate the production, distribution and sale of cannabis for unqualified adult use. On June 20, 2018, the Cannabis Act was passed in Parliament and on June 21, 2018, it was given royal assent. The Cannabis Act is not yet in force, and it is unknown how the regulatory changes will be implemented with respect to certain product categories. The date of the Cannabis Act coming into force is October 17, 2018. In addition, there is no guarantee that provincial legislation regulating the distribution and sale of cannabis for adult-use purposes will be enacted according to the terms announced by such provinces, or at all, or that any such legislation, if enacted, will create the opportunities for growth anticipated by the Company.

On November 10, 2017, the federal government proposed that federal tax on cannabis for adult-use purposes should not exceed $1 per gram or 10% of the producer's price, whichever is higher, with retail sales taxes levied on top of that amount. The federal government introduced Bill C-74, which proposes amendments to the Excise Act, which provides for, inter alia, the aforementioned cannabis-related taxes. In addition, Health Canada launched a 30-day consultation on a proposed cost recovery regime for cannabis on July 12, 2018 for the following fees: (i) screening licence applications; (ii) conducting security screenings; (iii) reviewing applications to import or export cannabis for scientific or medical purposes; and (iv) an annual regulatory fee of a proposed 2.3% of revenue for non-medical cannabis producers. On July 18, 2018, the province of Manitoba announced a social responsibility fee of 6% of revenue from adult-use cannabis sales payable by all provincially licensed cannabis retailers commencing in 2019. The cumulative impact of fees and taxes by Provincial and Federal governments for adult-use cannabis is unknown as the applicable regulatory regimes are not yet in force.

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 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 Limited Production Capacity

To date, Newstrike's activities and resources have been primarily focused on the Brantford Facility. As a result, adverse changes or developments affecting this facility could have a material and adverse effect on Newstrike's business, financial condition and prospects. As noted above, on March 29, 2018 the Niagara Facility obtained approval from Health Canada to cultivate cannabis. A delay in the retrofit, construction or additional licensing of the Niagara Facility could have a material and adverse effect on Newstrike's business and financial condition due to additional cost and or lost sales due to the inability to access timely supply from this facility.

Risks Related to Medical Cannabis

Cannabis is not an approved drug or medicine in Canada. The Government of Canada does not endorse the use of cannabis, but Canadian courts have required reasonable access to a legal source of cannabis when authorized by a healthcare practitioner.

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.

Newstrike Losses

Newstrike has 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, including without limitation, the retrofit and build out of the Niagara Facility. There can be no assurance that the costs of such undertakings will not exceed those currently estimated by Newstrike. In addition, although Newstrike has now raised additional funding, it may require additional 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 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, technical capabilities, and operational, manufacturing and marketing experience than Newstrike. As a result, Newstrike 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.

In addition, 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 retail sales for adult-use cannabis commences on October 17, 2018, 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 branding, research and development, marketing, sales and customer support. Newstrike may not have sufficient resources to maintain branding, research and development, marketing, sales and customer support efforts on a competitive basis which could materially and adversely affect its business, financial condition and results.

Furthermore, synthetic substitutes for cannabis are being developed to mimic and replicate the effects of cannabis which may displace a portion of the cannabis market. Such synthetic substitutes may be less costly to produce and sell and may threaten the competitiveness of Newstrike's business.

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.

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 the application, use, and regulation of pesticides as well as similar agricultural risks. Although Newstrike grows its products indoors under climate-controlled conditions and carefully monitors the growing conditions with trained personnel, natural elements or production issues may arise which could have a material adverse effect on the production of its products.

Costs and obligations related to ensuring continuous compliance with environmental and employee health and safety matters is inherent in being a producer of agricultural products. Failure to maintain such compliance may result in additional costs for corrective measures, penalties or in restrictions on 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 the Company's operations or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

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.

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 on 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 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 legal 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 legal cannabis in general, or Newstrike's products specifically, or associating the consumption of cannabis with illness or other negative effects or events, could have 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 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 the 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.

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 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.

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 laws 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.

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 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 the 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 the 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 the 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.

TSXV Restrictions on Business

As a condition to initially listing the Shares on the TSXV pursuant to the Transaction, the TSXV required that the Company deliver an undertaking (the "Undertaking") confirming that, while listed on TSXV, the Company will only conduct the business of the production, sale and distribution of medicinal cannabis in Canada pursuant to one or more licences issued by Health Canada in accordance with applicable law, unless prior approval is obtained from TSXV. The Undertaking could have an adverse effect on the Company's ability to do business or operate outside of Canada and on its ability to expand its business into other areas, including the provision of non-medical cannabis in the event that the laws were to change to permit such sales, if Newstrike is still listed on the TSXV and remains subject to the Undertaking at such time. The Undertaking may prevent the Company from expanding into new areas of business when the Company's competitors have no such restrictions. All such restrictions could materially and adversely affect the growth, business, financial condition and results of operations of the Company.

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

	For the three months ended September 30, 2017 $	For the three months ended September 30, 2016 $	For the nine months ended September 30, 2017 $	For the nine months ended September 30, 2016 $
EXPENSES				
Amortization	128,958	-	294,539	-
Consulting and professional fees	(103,962)	31,403	682,580	70,693
General and administration	482,846	11,078	628,829	45,378
Rent and facilities	52,216	24,900	82,769	68,700
Wages and benefits	254,757	7,422	520,496	18,077
Sales, marketing and business development	267,571	-	684,072	7,655
Share-based compensation	2,746,025	-	2,746,025	-
Total	**3,828,411**	**74,803**	**5,639,310**	**210,503**

Additional Information

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

There have been no changes in accounting policies in the three or nine months ended September 30, 2017.