

Form 51-102-F1

HEMP FOR HEALTH INC.

MANAGEMENT DISCUSSION & ANALYSIS

For the period ended January 31, 2020

Directors and Officers as at March 25, 2020

Directors:

Robert Eadie
Gary Arca
Gina Pala
Emiliano Vanni

Officers:

President & CEO – Robert Eadie
CFO & Corporate Secretary – Gary Arca

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HEMP FOR HEALTH INC.

MANAGEMENT'S DISCUSSION & ANALYSIS

For the period ended January 31, 2020

1.1 Date of This Report

This Management's Discussion & Analysis ("MD&A") should be read in conjunction with the unaudited condensed consolidated financial statements of Hemp for Health Inc. (the "Company") for the period ended January 31, 2020. All dollar amounts herein are expressed in Canadian Dollars unless stated otherwise.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls and to ensure that information used internally or disclosed externally, including financial statements and MD&A, is complete and reliable. The Company's Board of Directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The Board of Directors' Audit Committee meets with management quarterly to review the financial statements and the MD&A and to discuss other financial, operating and internal control matters. The reader is encouraged to review the Company's statutory filings on www.sedar.com

This MD&A is prepared as of March 25, 2020.

This MD&A includes certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical facts, that address events or developments that the Company expects are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.

1.2 Overall Performance

Description of Business

Hemp for Health Inc. (the "Company") was incorporated on October 1, 2018 under the Business Corporations Act of British Columbia as 1181427 B.C. Ltd and changed its name to Euro Grow Ltd on October 3, 2018. It did not commence operations until November 2, 2018. The Company changed its name to Hemp for Health Inc. on May 3, 2019. The Company is listed on the Canadian Securities Exchange (the "CSE") and the Company's shares commenced trading on the CSE on November 1, 2019 under the trading symbol "HFH". The Company is in the business of growing, processing, packaging and selling cannabidiol and related hemp based products in Italy. The Company set up a wholly owned Italian subsidiary, Hemp For Health H4H s.r.l. ("H4H") that operates the business interests in Italy.

Recent Events

Cultivation Agreements

The Company entered into agreements with various agricultural groups to cultivate and harvest hemp on behalf of the Company on up to 150 hectares of farmland in the province of Sienna, Italy for the 2020 calendar year. The full 150 hectares, if planted, are expected to yield approximately 100,000 kilos of biomass and 12,000 kilos of dried flower. These contracts are based on a 5-year initial agreement with the option to renew for an additional 5 years including planting, watering, harvesting and natural fertilizers.

Private Placement

The Company announced that it has arranged a non-brokered private placement of up to \$2,000,000 (the "Financing") through the issuance of up to 10,000,000 units (the "Units") at a price of \$0.20 per Unit. Each Unit will be comprised of one common share and one-half of one common share purchase warrant ("Warrant"), with each whole Warrant entitling the holder to purchase one common share of the Company at a price of \$0.30 per share for a period of 24 months from closing. The term of the Warrants may be reduced should the Company's shares trade at or above \$0.50 for 30 consecutive days on a Canadian stock exchange. The Company may pay finders' fees equal to 8% in cash and 8% in half warrants for subscriptions as may be attributable to such finders. Finders' warrants will be valid for a period of two years, with each whole warrant exercisable into one common share of the Company at a price of \$0.30 per share (subject to acceleration).

The net proceeds of the private placement will be budgeted as follows (CAD\$):

Farmer Deposit	\$ 675,000
Deposit on Seeds	375,000
Consulting & Technical	180,000
Operational/Facility Expenses in Italy	560,000
Financing Fees	160,000
Working capital and general corporate purposes	50,000
Total	<u>\$ 2,000,000</u>

Subsequently, on March 10, 2020, the Company closed Tranche 1 of its non-brokered private placement, raising \$1,020,000 in gross proceeds through the issuance of 5,100,000 Units at a price of \$0.20 per Unit. As a result, on conversion of the Units as outlined above, the Company will be issuing 5,100,000 common shares and 2,550,000 common share purchase warrants under the terms described above. The Company may pay finders' fees equal to 8% in cash and issued 144,000 warrants for subscriptions as may be attributable to such finders.

Frankfurt Exchange

The Company has announced that its shares are now listed on the Frankfurt Stock Exchange ("FSE") under symbol "9HH". The Frankfurt Stock Exchange operated by Deutsche Börse Group is one of the world's largest trading centers for securities and the largest of the eight stock exchanges in Germany. The Frankfurt listing is expected to facilitate the process of trading in its shares by investors in Europe and Internationally.

1.3 Selected Annual Information

The highlights of financial data for the Company's three most recently completed year-ends, which are calculated in accordance with International Financial Reporting Standards ("IFRS"), are as follows:

	April 30, 2019	April 30, 2018	April 30, 2017
	\$	\$	\$
(a) Total revenues	Nil	Nil	Nil
(b) Total expenses	(236,584)	Nil	Nil
(c) Net loss	(236,584)	Nil	Nil
(d) Loss per share – basic and diluted	(0.04)	Nil	Nil
(e) Total assets	2,172,493	Nil	Nil
(f) Total long-term liabilities	Nil	Nil	Nil
(g) Cash dividends declared per - share	Nil	Nil	Nil

1.4 Results of Operations

Discussion of Acquisitions, Operations and Financial Condition

The following should be read in conjunction with the January 31, 2020 unaudited condensed consolidated financial statements of the Company and notes attached thereto.

Hemp Industry

The Company is a participant in the legal hemp industry. Hemp, or Industrial Hemp, is typically found in the northern hemisphere, is a strain of the Cannabis sativa plant species, and is grown typically for the industrial applications of its derived products. It is a fast growing plant and has been used for centuries for a variety of uses ranging from paper, textiles, clothing, biodegradable plastics, paint, insulation, biofuel, food, and animal feed.

Although hemp is derived from the species Cannabis sativa and contains the psychoactive component THC, it is a distinct strain with unique phytochemical compositions and uses. Hemp has lower concentrations of THC and typically has higher concentrations of cannabidiol (CBD). The legality of Industrial Hemp varies among countries. Many governments regulate the concentration of THC and permit only hemp that is bred with an especially low THC content. Some other benefits and unique traits of the Carmagnola variety are displayed below in the diagram:



Corporate Overview

Our mission at Hemp for health is to produce and provide access to high quality hemp-based CBD products so that people can live better lives. Our focus is on four verticals: genetics, cultivation, extraction and partnerships. Through a vertically integrated process, our CBD products will be produced and processed in Tuscany thus achieving the “Made in Tuscany” label, a globally recognized branding strategy. Our test crop in the first year of operations was a Carmagnola hemp strain and the 2019 harvest responded positively to the Tuscan soil and climate. Our initial farming capacity is set to be up to 150 Ha for the 2020 growing season which is scheduled to commence in April/May 2020.

Strategy

Our short-term company strategy is to sell the biomass from this year's test crop in a bulk sale method in the Italian/European market. The hemp flower is being used to develop our propriety full spectrum CBD oil with a focus on three products in a tiered pricing module. The final pricing strategy will be determined upon the best available market prices and a careful analysis of the current CBD landscape in Europe. The longer-term objectives of the company include increasing acres under management, product development and collaborating with research institutions and universities.

Management believes that an opportunity exists in the cultivation of Hemp for the extraction of CBD and terpene profiles containing myrcene, limonene, and other hydrocarbons. These compounds may provide health benefits and come from a natural source without any adverse psychoactive effects for the user. This is because hemp typically contains less than 0.3% THC. This gives H4H the ability to offer natural products for customers to supplement their diet and health regimes instead of man-made chemicals or drugs. H4H will not produce or sell medicinal or recreational marijuana or products derived from high-THC Cannabis/marijuana plants.

The first planting was completed in May 2019, and began harvesting in October 2019. It is the Company's intention to process the Hemp biomass so as to produce and sell Dry Flower and CBD Crude Oil. For future years, the Company will seek to (i) expand the acreage under cultivation, and (ii) process the Hemp biomass to produce its own line of CBD related products. H4H seeks to enter Europe's emerging market of hemp-derived cannabidiol (CBD) products.

Positioning of Hemp for Health in the European Market

As a company focused on the “Made in Tuscany” brand, we are committed to creating a portfolio of products that appeal to consumers. Our full spectrum CBD oil will be branded as Tuscan Gold, Tuscan Silver, and Tuscan Bronze. The tiered pricing system will be based on the total content of CBD in each set of CBD oil and our sales will be focused on the European market and nearby jurisdictions.

CBD Crude Oil

This will be the Company's main wholesale product. CBD Crude Oil is the rawest post-extraction form of product. It contains CBD as well as many other cannabinoids and terpenes. Because it requires the least amount of processing and is currently high in demand, the Company can bring this product to market quickly and most effectively. CBD Crude Oil can be stripped of its fats and waxes to yield more pure and high-margin products. Some of these products include full-spectrum CBD oils, distillates, and isolates.

Dry Flower Biomass

This is the dried and ground form of the Hemp, primarily its flower but may also contain leaves. This is akin to the style of dried marijuana cannabis that is primarily smoked. However, this dry flower cannabis contains <0.3% THC, the psychoactive agent in marijuana, and does not intoxicate the user in anyway. It is generally used to extract CBD. Distribution of the dried flower will be wholesale.

Feminized Hemp Seeds

The Company may engage in the sale of feminized hemp seeds it produces. Seeds will be sold wholesale to farmers and cultivators in the European market.

Update on 2019 operations and 2020 growth expectations

The Company's first year of operations was focused on a test crop which included the CBD Carmagnola strain in the Tuscan valley. Of the 3 hectares of this strain planted, approximately 3,000 kilos of biomass and 340 kilos of hemp flower was yielded. This successful harvest is expected to generate approximately 700,000 Euros in gross revenue. The 2020 growing season is programmed to plant 150 hectares from 4 different strains of seed that have already been ordered. Based on our 2019 test crop results, the Company expects to yield over 100,000 kilos of biomass and 12,000 kilos of dried flower.

"We are pleased with delivering on our promises to our shareholders as demonstrated by the results and cultivation of this year's test crop of Carmagnola hemp," reported CEO and founder, Robert Eadie. "2020 will be a transformative year. The Company has world class farmers and soil, a stake in a European distribution channel and results that ultimately will speak to our end goal of delivering wellness benefits to our consumers."

Production Agreements

The Company entered into a Production Agreement with a farmers' cooperative (ITALC) to plant and grow Hemp for and on behalf of the Company. The agreement provided for the planting, on a test basis, of hemp using seeds provided by the Company in 2019. In consideration of ITALC's services, the Company was to advance to ITALC up to €10,000 per hectare payable as to 30% prior to planting (paid), 30% by July 30 (paid), and the balance of 40% within 30 days of delivery of the harvested crop to the Company.

In addition to the ITALC agreement, the Company engaged certain independent farmers in Tuscany, Italy, to plant up to a joint total of 100 hectares of hemp on behalf of the Company on a test basis using seeds provided by the Company. The ITALC agreement was terminated by the Company during the period ended January 31, 2020. Subsequent to January 31, 2020, The Company entered into agreements with various agricultural groups to cultivate and harvest hemp on behalf of the Company on up to 150 hectares of farmland in the 2020 calendar year. The agreements are for an initial 5 year period with an option to renew for 5 years.

In accordance with the terms of agreements, during the year ended April 30, 2019, the Company advanced 256,200 Euros, including VAT tax, and a further 256,200 Euros, including VAT tax, in July 2019 for a total of \$774,441, to be applied against costs for the hemp planting by ITALC. An additional 112,240 Euros, including VAT tax, for a total of \$166,426 was paid to other agricultural groups to be applied against costs for hemp planting, cultivation and harvest.

During the period ending January 31, 2020, the above advances were spent on planting of crops and was expensed as research and development, along with seed costs and any related crop costs paid to farmers and the farming co-operative for a total of \$874,195, net of VAT taxes receivable.

Hemp for Health Inc. Receives Positive Analysis for its Test Crop Carmagnola

The Company announced its lab results from its test crop of Carmagnola Hemp that was planted for the 2019 growing season. The certificate of analysis was provided by an independent laboratory, Crabion Toxicology, in Italy. The results for the two varieties of Carmagnola came back favorably with 14% CBD and 0.03 THC and 4.7% CBD and 0.01% THC. The results are listed in the following tables:

<i>Carmagnola Variety #1</i>		
Delta 9 Tetrahydrocannabinol (THC)	0.032	%
Delta 9 Tetrahydrocannabinol ACID (THC-A)	0.238	%
Delta 8 Tetrahydrocannabinol (THC)	0	%
Delta 8 Tetrahydrocannabinol ACID (THC-A)	0	%
CBD	0.389	%
CBD-A	13.8	%
CBN	0	%
CBD TOTAL	12.26	%
Delta 9 Tetrahydrocannabinol (THC) total	0.207	%
Delta 8 Tetrahydrocannabinol (THC) total	0	%

<i>Carmagnola Variety #2</i>		
Delta 9 Tetrahydrocannabinol (THC)	0.017	%
Delta 9 Tetrahydrocannabinol ACID (THC-A)	0.165	%
Delta 8 Tetrahydrocannabinol (THC)	0	%
Delta 8 Tetrahydrocannabinol ACID (THC-A)	0	%
CBD	0.164	%
CBD-A	4.76	%
CBN	0	%
CBD TOTAL	4.25	%
Delta 9 Tetrahydrocannabinol (THC) total	0.144	%
Delta 8 Tetrahydrocannabinol (THC) total	0	%

Environmental Protection

The operation of our business has no extraordinary environmental protection requirements. As a result, the Company does not anticipate that any environmental regulations or controls will materially affect the business.

1.4.1 Results of Operations

The expenses relating to the loss and comprehensive loss for the period ended January 31, 2020 of \$1,634,020 and for the comparative year ended January 31, 2019 of \$98,491 are as follows:

<u>For the period ended January 31,</u>	<u>2020</u>	<u>2019</u>
Audit and accounting	\$ 41,325	\$ -
Foreign exchange loss/ (gain)	18,777	(500)
Legal	186,183	17,790
Management fee	45,000	-
Office and administration	74,087	900
Research and development expense	914,307	25,000
Shareholder communication and marketing	174,184	3,367
Transfer agent and filing fees	27,646	585
Travel and accommodations	163,371	51,349
Finance revenue	(10,860)	-
<u>Total loss and comprehensive loss for the period</u>	<u>\$ 1,634,020</u>	<u>\$ 98,491</u>

During the period ended January 31, 2020 the Company incurred ongoing corporate overhead expenses such as legal of \$186,183 which includes regulatory costs of listing the Company on a public stock exchange. The Company also incurred office and administration of \$74,087 and travel and accommodations costs of \$163,371 in relation to start-up costs in Italy. Legal, corporate and foreign regulatory fees and taxes related to the Italian subsidiary are included in Legal costs. All other expenses are included in the related expense categories, including audit and accounting and office and administration.

The Company has incurred \$914,307 in expenses related to research and development while the Company is optimizing its process to grow the crop more efficiently. The Company is still in a research and development phase and is currently evaluating the technical and commercial feasibility of the crop. The Company will continue to expense all research and development costs until the Company develops a process where it will be able to grow and sell the crop to generate future economic benefit.

Financings, Principal Purposes & Milestones

On March 10, 2020, the Company closed Tranche 1 of its non-brokered private placement, raising \$1,020,000 in gross proceeds through the issuance of 5,100,000 "Units" at a price of \$0.20 per Unit. Each Unit was comprised of one common share and one-half of one common share purchase warrant ("Warrant"), with each whole Warrant entitling the holder to purchase one common share of the Company at a price of \$0.30 per share for a period of 24 months from closing. As a result, on conversion of the Units as outlined above, the Company will be issuing 5,100,000 common shares and 2,550,000 common share purchase warrants under the terms described above. The Company may pay finders' fees equal to 8% in cash and issued 144,000 warrants for subscriptions as may be attributable to such finders.

The above first Tranche was completed pursuant to an announced financing of a non-brokered private placement of up to \$2,000,000 through the issuance of up to 10,000,000 units (the "Units") at a price of \$0.20 per Unit (see *Section 1.2 – Recent Events – Private placement*).

On May 6, 2019, the Company closed a second tranche of the financing and issued 1,210,000 units priced at \$0.20 per unit, for gross proceeds of \$242,000. Each unit consists of one common share of the Company and one-half of one share purchase warrant for 605,000 whole warrants, with each warrant entitling the holder thereof to acquire an additional common share of the Company for a period of two years at a price of \$0.30 per share.

The Company issued 392,000 special warrants priced at \$0.20 per special warrant, for gross proceeds of \$78,400. Each special warrant unit was converted into one common share of the Company and one-half of one share purchase warrant for 196,000 whole warrants, with each warrant entitling the holder thereof to acquire an additional common share of the Company for a period of two years at a price of \$0.30 per share.

1.5 Liquidity and Capital Resources

As at January 31, 2020, the Company had \$306,632 (April 30, 2019 - \$1,551,062) in cash and \$101,003 (April 30, 2019 - \$Nil) in Short-term investments, working capital of \$811,308 and no long-term debt. The Company's ability to continue as a going concern is dependent upon its existing working capital and obtaining the necessary financing to meet its obligations and pay its liabilities arising from normal business operations when they come due.

The Company's working capital may not meet corporate, development, administrative and property obligations for the coming year. As a result, the Company may require additional financing and, while the Company has been successful in raising equity financing through the issuances of common shares in the past, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms. As such, there remains significant doubt as to the Company's ability to continue as a going concern (see subsequent financing - *section 1.4.1 - Financings, Principal Purposes & Milestones*).

1.6 Off Balance Sheet Arrangements

There are no off-balance sheet arrangements to which the Company is committed.

1.7 Transactions with Related Parties

The following is a summary of charges incurred by the Company with related parties during the period ended January 31, 2020 and 2019:

<u>Period ended January 31,</u>	<u>2020</u>	<u>2019</u>
Audit and accounting	\$ 11,250	\$ -
Management fee	45,000	-
Office and administrative expense	11,250	-
Total	\$ 67,500	\$ -

During the nine months ended January 31, 2020, the Company incurred operational expenses totalling \$67,500 (January 31, 2019 - \$nil) from companies controlled by the chief financial officer and director of the Company.

1.8 Critical Accounting Estimates

a) Going concern

Management makes an assessment about the Company's ability to continue as a going concern by taking in to account the consideration of the various factors discussed in Note 2 of the January 31, 2020 unaudited interim consolidated financial statements.

b) Biological assets and inventory

Initial costs include seed expenses that will be recognised at cost value in inventory. Once the seed becomes a cannabis plant it will be considered a biological asset and it will need to be revalued. All the plants are to be harvested as agricultural produce or to be sold as live plants. The Company estimates harvest yields for the plants at various stages of growth. Selling prices used in the valuation are based on the average selling price of all dried cannabis sales and can vary based on the different strains produced. The Company's estimates are, by their nature, subject to change. Changes in the anticipated yield will be reflected in future changes in the gain or loss on biological assets.

The Company is still in a research and development phase and is currently evaluating the technical and commercial feasibility of the crop. The Company will continue to expense all research and development costs until the Company develops a process where it will be able to grow and sell the crop to generate future economic benefit.

1.9 Changes in Accounting Policies

N/A

1.10 Financial and Other Instruments

As at January 31, 2020, the Company's financial instruments consist of cash, short term investments, amounts receivable and trade and other payables.

The fair value of the Company's cash and trade and other payables approximates its carrying value, which is the amount on the statement of financial position, due to the short-term maturities or ability of prompt liquidation.

a) Interest Rate Risk

The Company's cash earns interest at a variable interest rate. Because of the nature of this financial instrument, fluctuations in market rates do not have a significant impact on estimated fair values as of January 31, 2020. Future cash flows from interest income on cash will be affected by interest rate fluctuations. Interest rate risk consists of two components:

- (i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
- (ii) To the extent that changes in prevailing market interest rates differ from the interest rates in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company's exposure to interest rate fluctuations is minimal.

b) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk with respect to its cash, the balance of which at January 31, 2020 is \$306,632 (April 30, 2019 - \$1,551,062) and short-term investment of \$101,003 (April 30, 2019 - \$Nil). As at that date, cash and short-term investment were held at a chartered Canadian financial institution and the Company does not consider the risks to be significant.

c) Liquidity Risk

Liquidity risk arises from the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements. Additional cash requirements could be met with the issuance of additional share capital; however there is no assurance the Company will be able to raise funds in this manner in the future. As at January 31, 2020, the Company was holding cash of \$306,632 (April 30, 2019 - \$1,551,062) and short-term investment of \$101,003 (April 30, 2019 - \$Nil).

1.11 Disclosure of Outstanding Share Capital as at March 25, 2020:

	Number	Book Value
Common Shares	25,162,001	\$ 3,638,300

A summary of the Company's outstanding share purchase warrants is presented below:

Number of Shares	Exercise Price	Expiry Date
5,730,000	\$0.30	April 26, 2021
746,000	\$0.30	April 26, 2021
605,000	\$0.30	May 6, 2021
38,800	\$0.30	May 6, 2021
196,000	\$0.30	November 21, 2021
2,550,000	\$0.30	March 10, 2022
144,000	\$0.30	March 10, 2022
10,009,800	\$0.30	

1.12 Approval

The Board of Directors, upon the recommendation of the Audit Committee, has approved the disclosure contained in this MD&A.