MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS ("MD&A")

FOR THE THREE AND SIX MONTHS ENDED DECEMBER 31, 2020

Expressed in thousands of Canadian dollars, except as otherwise stated.

TABLE OF CONTENTS

48NORTH CANNABIS CORP.
Management's Discussion and Analysis of Financial Condition and Results of Operations
For the three and six months ended December 31, 2020

This management discussion and analysis of the financial condition and results of operations ("MD&A") of 48North Cannabis Corp. ("Company" or "48North"), is for the three and six months ended December 31, 2020 and is dated March 1, 2021. This MD&A should be read in conjunction with the interim condensed consolidated financial statements and the notes thereto for the three and six months ended December 31, 2020 as well as the Company's audited consolidated financial statements and the accompanying notes for the years ended June 30, 2020 and June 30, 2019. The interim condensed consolidated financial statements and this MD&A have been reviewed by the Company's Audit Committee and approved by the Company's Board of Directors on February 28, 2021.

This MD&A provides information that the management of the Company believes is important to assess and understand the results of operations and financial conditions of the Company. All amounts are presented in thousands of Canadian dollars, unless otherwise noted. The Company's condensed interim consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").

This MD&A may contain forward-looking information that is based on the Company's expectations, estimates and projections regarding its business and the economic environment in which it operates. Forward-looking information contained herein is made as of the date of this MD&A and is not a guarantee of future performance and involves risks and uncertainties that are difficult to control or predict. Readers should refer to the "*Forward Looking Statements*" section in this MD&A.

Additional information filed by us with the Canadian Securities Administrators, including quarterly reports, annual reports and annual information forms are available on-line at www.sedar.com.

Forward-Looking Statements

This MD&A may contain statements that are "forward-looking statements". These include statements about the Company's expectations, beliefs, plans, objectives and assumptions about future events or performance. These statements are often, but not always, made through the use of words or phrases such as "will likely result", "are expected to", "will continue", "anticipate", "believes", "estimate", "intend", "plan", "would", and "outlook" or statements to the effect that actions, events or results "will", "may", "should" or "would" be taken, occur or be achieved. Forward-looking statements are not historical facts, and are subject to a number of risks and uncertainties beyond the Company's control. Accordingly, the Company's actual results could differ materially from those suggested by these forward-looking statements for various reasons discussed throughout this analysis. Forward-looking statements are made on the basis of the beliefs, opinions and estimates of the Company's management on the date the statements are made and the Company does not undertake any obligation to update forward-looking statements if the circumstances or management's beliefs, opinions or estimates should change. Readers should not place undue reliance on forward-looking statements.

The global pandemic related to an outbreak of the novel coronavirus disease ("COVID-19") has cast uncertainty on many of the Company's assumptions and estimates. There can be no assurance that such assumptions and estimates continue to be valid. Given the rapid pace of change in the severity of and response to the COVID-19 outbreak, it is premature for the Company make further assumptions or estimates. The situation is dynamic and the ultimate duration and magnitude of the impact of COVID-19 on the economy and the financial effect on our business is not known at this time. These impacts could include, amongst others, an impact on our ability to obtain debt or equity financing, increased credit risk on receivables, impairment of investments, impairments in the value of our long-lived assets, or potential future decreases in revenue or profitability of our ongoing operations. See "Risk Factors".

Business Overview and Outlook

48North is a brand-led, consumer-obsessed licensed cannabis producer with an expansive portfolio of high-quality, accessibly priced products across the country.

The Company's top performing SKUs are consistently shelved in half of Canadian dispensaries and 48North has built strong market share in dried flower, pre-rolls, vaporizers, topicals, and concentrates. 48North operates three industry-leading brands: *48North*, *Trail Mix*, and *Latitude*. Under these brands, the Company plan to expand their product offering to include live resin, edibles, accessible vapes, a new topical line, and value-branded pre-rolls.

The Company's brands are:

	48North	Trail Mix	Latitude
Tier	**Best**	**Value**	**Lifestyle**
Offering	Wide collection of accessible products that are designed with integrity	Uncomplicated products that mix-up flavourful and potent bud for whatever you have on the go	A variety of products and formats that utilize the benefits of CBD-forward properties
Brand Attributes	Craft cannabis, indoor cultivation, full-spectrum, strain specific, proprietary genetics	Accessibly priced cannabis, flavourful products, high-THC, outdoor cultivation	High-quality products ranging from sexual wellness, beauty, and beyond, low/no-THC, high-CBD
Formats	Flower, pre-rolls, vaporizers, PAX, concentrates, topicals	Flower, pre-rolls, vaporizers, PAX, edibles	Topicals, intimacy products, bath products, edibles
Audience	Passionate cannabis users, gender neutral, 25-50, consume weekly/daily	Gen-Z Freedom Seekers, gender neutral, youthful, consume weekly	Self-growth pilgrim, skew female, 30-40+, consume weekly

The Company primarily operates its cannabis business through two, indirect, wholly-owned subsidiaries, DelShen and G&G, both of which are licenced under the Cannabis Act. DelShen is licenced to produce, sell and extract cannabis pursuant to the Cannabis Act at the DelShen Facility, located near Kirkland Lake, Ontario. G&G is licenced to produce and extract cannabis pursuant to the Cannabis Act at the G&G Facility, located in Brantford, Ontario and is licenced to produce cannabis pursuant to the Cannabis Act at G&G's 100-acre outdoor cannabis production facility, the Good Farm.

The majority of 48North's activities and revenue is derived from the recreational cannabis market in Canada. 48North sells cannabis products across the country. 48North has supply agreements and contracts in place with the following provinces: New Brunswick, Quebec, Ontario, Manitoba, Saskatchewan, Alberta, and British Colombia. Through the Company's supply agreement with Medical Cannabis by Shoppers Drug Mart, 48North is able to supply cannabis to all thirteen Canadian provinces and territories.

In addition, 48North works with recreational retailers across the country to ensure the Company's products are listed and distributed to as many Canadians as possible. To that end, 48North aggressively pursues, and is diligently developing, sales relationships with retailers and wholesalers across the country. This work is made possible through our variety of products, each developed to meet the demands of the consumer. As wholesalers have already begun to shift their focus to a "core" selection of products, 48North has established itself as a reliable partner.

48North produces a number of cannabis products, these include dried flower products, pre-roll products, vaporizer products, concentrate products, bath products, and intimacy products. The Company plan to launch additional product formats later in 2021, including live resin products and edible products. 48North has positioned itself as an early leader in innovative products, informed not just by where the industry is currently, but where it is going in the future. The Company is constantly pushing forward and will be expanding its product offering to include live resin, edibles, accessible vapes, a new topical line, and value-branded pre-rolls in the near future.

The Company has actively pursued partnership and joint operation opportunities. In operation since 2017, Good:House's track-record of getting finished product to market is Good:House's most notable differentiator. 48North's current clients where such contract manufacturing agreements include: Friendly Stranger, Origine Nature, PAX, Superette, and TREC. A summary of other relationships at the date of the MD&A are:

PAX: 48North partners with PAX on the PAX ERA, a premium closed loop vaporizer system. Our partnership has created the #1 and #3 Pax product in Canada by consumers. Under the terms of the agreement, Fume Labs will develop cannabis oil pods for the PAX Era.

Fume Labs: A strategic partnership with humble+fume, located within the Good:House, is pushing the boundaries of cannabis concentrates, defining a higher standard for extraction and leading the industry in formulation expertise. Located in the Good:House, Fume Labs manufactures 48North's branded cannabis products, specializes in the concentrate extraction and refinement, formulation and filling, and packaging and distribution of vaporizer products. In addition, Fume Labs is responsible for the contract manufacturing of cannabis vapourizer products for other Licensed Producers and cannabis brands.

Both 48North and humble+fume uniquely benefit from this strategic partnership, benefits include, but are not limited to: industry-leading extraction expertise, a consistent input of high-quality and low-cost cannabis biomass, access to nationwide distribution and sales channels. 48North and humble+fume are each responsible for 50 per cent of the aggregate shared expenses and each company is entitled to 50 per cent of the net revenue from any vaporizer product finished at the facility. 48North is the party responsible for manufacturing, packaging, marketing, and promoting, and selling products from Fume Labs under the authority of its cannabis licenses (the **"Joint Operation"**).

Apothecanna: 48North has an exclusive licensing agreement with Apothecanna to bring its premium cannabis topicals brand to Canadian consumers. Through this partnership, 48North has the number one topical in the country.

Avitas: 48North is licensing Avitas' proprietary, 100% natural, additive-free, single-strain, ultra-refined and purified vape products, including vape pens, in the Canadian market.

Operational Highlights

Market Share: 48North has the number one topical in Ontario, three of the top ten topicals in Canada, the number one concentrate in Ontario and Alberta, and dried flower and pre-rolls consistently in the top ten in Canada.

Product Expansion: 48North has launched 30 SKUs since March 2020, including Canada's first topical, first intimacy product, and one of the highest selling dried flowers in Ontario.

Sustainability: 48North's commitment to sustainability continues to increase our consumer loyalty, with the company's biodegradable packaging exciting consumers and retailers across Canada. This advantage was confirmed in the Ontario Cannabis Store's Q1 report, which outlined "environmental/sustainable packaging" as an important attribute for the majority of new customers.

Results of Operations

Expressed in thousands of Canadian dollars, except share and per share amounts	**Three months ended December 31, 2020**	**Three months ended December 31, 2019**	**Six months ended December 31, 2020**	**Six months ended December 31, 2019**
Revenues	$ 7,607	$ 1,706	$ 14,420	$ 3,293
Net revenues	6,019	1,518	11,603	2,961
Gross profit (loss) before fair value adjustments	(2,536)	489	(4,790)	1,217
Fair value adjustments	(848)	(2,802)	(303)	5,891
Gross profit	(3,384)	(2,313)	(5,093)	7,108
Total expenses	3,765	4,089	5,924	9,725
Net loss and comprehensive loss	(7,149)	(6,096)	(11,017)	(3,895)
Adjusted EBITDA(1)	(2,934)	(4,683)	(6,367)	(8,946)
Net loss per common share (basic and diluted)	(0.037)	(0.032)	(0.060)	(0.018)
Weighted average number of outstanding shares ('000s)	190,703	173,564	183,168	171,397

(1) Adjusted EBITDA is a Non-IFRS financial measures. Refer to the Non-IFRS Measures section in this MD&A for the definition.

Revenues

The analysis of the revenues was as follows:

Expressed in thousands of Canadian dollars.	**Three months ended December 31, 2020**	**Three months ended December 31, 2019**	**Six months ended December 31, 2020**	**Six months ended December 31, 2019**
Dried flower	$ 4,172	$ 377	$ 7,573	$ 874
Hash/Rosin	618	-	1,523	-
Pre-rolls	951	637	1,892	944
Topicals	414	-	1,280	-
Vapes(1)	981	-	1,577	-
Bulk	-	692	-	1,475
Total cannabis sales	**7,136**	**1,706**	**13,846**	**3,293**
Contract manufacturing services fee	401	-	433	-
Other cannabis products	70	-	142	**-**
Total	**$ 7,607**	**$ 1,706**	**$ 14,420**	**$ 3,293**

(1) Included are the Company's 50% share of the revenues earned in the Joint Operation between the Company and humble+fume.

Total cannabis sales for the three-month period ended December 31, 2020, was 318% higher than the three-month period ended December 31, 2019. The increase was due to an increase of 1,006% in dried flower sales, 49% increase in pre-roll sales and revenues from new products of $618, $414 and $980 for hash/rosin, topicals and vapes respectively that were first introduced into the market during 2020.

Total cannabis sales for the six-months period ended December 31, 2020, was 320% higher than the six-months period ended December 31, 2019. The increase was due to dried flower sales volume been 8.66 times higher in 2020, 100% increase in pre-roll sales and revenues from hash/rosin, topicals and vapes of $1,523, $1,280 and $1,577 for hash/rosin, topicals and vapes respectively which were new products launched by 48North into the market during 2020.

48North has a Joint Operation with humble+fume called Fume Labs where each company is entitled to 50 per cent of the net revenue from any vaporizer product. 48North was responsible for manufacturing, packaging, marketing, and promoting, and selling products from Fume Labs under the authority of its licenses. The sales (including 48North's 50% share) for the Joint Operation were $1,961 and $3,160 respectively for the three-month and six-month ended December 31, 2020.

In July 2020, the Company started providing contract manufacturing services for other licensed producers and retail customers. The Company manufactures, distributes and sells cannabis products as an agent and earn a fixed fee for the contract manufacturing services. The contract manufacturing services revenue earned was $401 and $433 for the three-month and six-month period ended December 31, 2020. The total product volume managed by the Company as agent was $2,629 and $3,075 for the three-month and six-month period ended December 31, 2020.

Cost of sales

The Company capitalizes production costs related to biological assets and expenses these costs to cost of sales before fair value adjustments as the inventory was sold. For the three-month period ended December 31, 2020, inventory expensed to cost of sales, before fair value adjustments were $6,995 compared to $1,078 for the three-month period ended December 31, 2020. For the six-month period ended December 31, 2020, inventory expensed to cost of sales, before fair value adjustments were $14,833 compared to $1,744 for the six-month period ended December 31, 2020. The increase in the cost of the sales followed the increase in revenues.

Inventory impairment costs for the three-month and six-month period ended December 31, 2020 was $1,560. Unrealized fair value adjustment on growth of biological assets represents the change in value of plants during the reporting period was $(779) for the three-month period ended December 31, 2020 compared to $(1,392) for the three-month period December 31, 2019. For the six-month period ended December 31, 2020 the unrealized fair value adjustment on growth of biological assets was a loss of $(627) compared to a $8,248 gain for the six-month period ended December 31, 2019.

The realized fair market adjustment on inventory sold related to the cost of the inventory sold and was $(69) for the three-month period ended December 31, 2020 compared to $(1,410) for the three-month period December 31, 2019. For the six-month period ended December 31, 2020, the realized fair market adjustment on inventory sold was a gain of $324 compared to $(2,357) for the six-month period ended December 31, 2019.

Administrative expenses

Initially general and administrative expenses include all the corporate administrative costs and production costs relating to cannabis products while direct material costs were recognized in inventory expensed to cost of sales, before fair value adjustments. From 2020, some of the administrative costs and the production costs were allocated from general and administrative expenses to inventory expensed to cost of sales before fair value adjustments meaning that the net general and administrative expenses for the three-month and six-month period ended were $1,651 and $3,070 respectively compared to $3,524 and $6,662 for the three-month and six-month period ended December 31, 2019. The most significant component of general and administrative expenses are salaries and benefit expenses which totalled $3,115 and $6,048 for the three-month and six-month period ended December 31, 2020 compared to $1,983 and $3,566 for the three-month and six-month period ended December 31, 2019. The increase reflects the additional headcount required to facilitate the significant increase in production since 2019 including extraction and increased operational capabilities at the Good House and the increased number of people in the corporate team.

48North's marketing initiatives has meant that the Company is a brand-led, consumer-obsessed licensed cannabis producer distributing an expansive portfolio of high-quality, accessibly priced products across the country. Sales and marketing expenses for the three-month and six-month period ended were $765 and $977 respectively compared to $1,141 and $3,026 respectively for the three-month and six-month period ended December 31, 2019.

The Company utilized incentive stock options and restricted share units ("RSUs") to attract and maintain key personnel. Share-based payment expense was $293 and $576 for the three-month and six-month period ended December 31, 2020 compared to $472 and $1,279 for the three-month and six-month period ended December 31, 2019 with the decrease in 2020 due to the lower number of outstanding options and RSUs and the options granted in 2020 having a lower fair value due to the Company's lower share price in 2020 compared to 2019.

Depreciation and amortization expense was $358 and $603 for the three-month and six-month period ended December 31, 2020 compared to $448 and $788 for the three-month and six-month period ended December 31, 2019. Similar to general and administrative expenses in 2020 part of depreciation and amortization was allocated to inventory expensed to cost of sales before fair value adjustments.

With the divestiture of Rare Industries Inc. ("Rare") and Sackville & Co. Merchandising Ltd. ("Sackville") in May 2020, the Company have presented the Rare and Sackville businesses as discontinued operations and for the quarter ended September 30, 2019. During the three months and six months ended December 31, 2019, the Company reduced the contingent consideration liability by $1,496 and $2,030 respectively recognized when Rare and Sackville were acquired. As of June 30, 2020 and December 31, 2020, as both businesses were sold, the Company no longer had a contingent consideration liability.

Summary of Quarterly Results

The following table sets forth, for the quarter indicated, information relating to the Company's revenue, net loss and loss per common share for the eight most recently completed financial quarters;

Expressed in thousands of Canadian dollars.	**Q2 2020-21**	**Q1 2020-21 (Restated)**	**Q4 2019-20**	**Q3 2019-20**	**Q2 2019-20**	**Q1 2019-20**	**Q4 2018-19**	**Q3 2018-19**
Revenues	$ 7,607	$ 6,813	$ 4,263	$ 2,806	$ 1,808	$ 1,587	$ 484	$ 689
Net loss	(7,149)	(3,869)	(17,655)	(17,725)	(6,096)	2,201	(4,772)	(1,471)
Basic and diluted EPS	(0.037)	(0.022)	(0.107)	(0.100)	(0.035)	0.013	(0.0374)	(0.012)

Liquidity and Capital Resources

Similar to any business at the Company's development stage, the Company incurs negative cash flows from operations and therefore management continually monitors its capital resources to assess the liquidity necessary to fund operations and future strategy.

As at December 31, 2020, the Company had a cash and cash equivalents balance of $4,053 (June 2020 - $9,272). The Company incurred negative cash flows from operations of $(3,152) and $(8,865) during the three-month and six-month period ended December 31, 2020 and compared to $(4,854) and $(12,911) for the three-month and six-month period ended December 31, 2019.

During the three-month period ended December 31, 2020, the Company raised an aggregate cash of $5,495 to fund operations. The Company closed a brokered equity private placement of 22,767,000 units (common shares and warrants) for gross proceeds of $3,415 and after transaction costs net proceeds of $2,725. Also in the quarter, the Company entered into a $3,250 term loan with a senior secured lender with a maturity date of twenty four months and net proceeds of $2,770 net of transaction costs and prepaid interest.

The Company's net working capital position was;

Expressed in thousands of Canadian dollars.	**December 31, 2020**	**June 30, 2020**
Cash and cash equivalents	$ 4,053	$ 9,272
Trade and other receivables	4,664	3,362
Inventory and biological asset	13,981	10,952
Accounts payable and accrued liabilities	(11,436)	(6,193)
Debt(1)	(2,803)	-
Current portion of lease liabilities	(140)	(131)
Net working capital position	**8,319**	**17,262**

(1) While the debt is repayable on demand on the request of the lender, the Company believe the mortgage will go to at least the full term which is the end of 2022 .

The Company anticipates that it will meet all of it's current obligations. However management believe the Company will require additional funding to finance future growth and expansion of production capacity, to expand marketing awareness for the Company's brands and products and to look for acquisition opportunities. The Company has historically financed its working capital requirements primarily through equity and to a lesser extent debt financings. The Company's ability to continue as a going concern is dependent upon being able to sell cannabis to other licenced producers, sell into the medical and recreational markets, provide products and brands and thus, its ability to commence profitable operations, generate revenues there from and raise additional financing as needed to meet its obligations. While the Company has been successful in raising financing in the past, there is no assurance that it will be able to successfully obtain additional financing as needed. These factors cast significant doubt on the ability to continue as a going concern.

Related Party Transactions

Key management personnel are those persons having authority and responsibility for planning, directing and controlling activities of the Company, directly or indirectly. The key management team personnel of the Company are the members of the Company's executive management team and the Board of Directors. The aggregate value of transactions relating to key management personnel and the Board of Directors were as follows:

	Three months ended:		Six months ended:	
	December 31, 2020	December 31 2019	December 31, 2020	December 31 2019
Consulting, salaries and wages	$ 770	$ 279	$ 1,153	$ 791
Share-based payments	223	(165)	413	346
Total	**$ 993**	**$ 114**	**$ 1,566**	**$ 1,137**

Included in consulting, salaries and wages is $214 relating to payments made under a separation agreement with a former management individual. As at December 31, 2020, $134 of the payments under the separation agreement was included in accounts payable and accrued liabilities. Consulting, salaries and wages of $139 (2019 - $166) is included in sales and marketing and $244 (2019- $625) is included in general and administrative. Included in accounts payable and accrued liabilities is $126 (2019 - $109) due to key management.

Off-Balance Sheet Arrangements

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

Use of Estimates and New Accounting Standards

The Company's significant accounting policies under IFRS are contained in note 4 of the audited financial statements for the years ended June 30, 2020 and 2019. Certain of these policies require management to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods. Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the unaudited condensed interim financial statements relate to going concern assumptions, the estimated useful lives and depreciation of property, plant and equipment, valuation of convertible instruments and share-based payments and fair value measurements for inventory and biological assets.

In the six-month period ended December 31, 2020, the Company has updated the following significant assumptions based on rolling average actual production performance and market conditions:

- Average yield per plant: indoor 112 grams (2020 – 70 grams); outdoor nil grams (2020 – 40 grams);
- Post harvest cost per gram: indoor $0.71 dollar (2020 – $0.40 dollar); outdoor nil (2020 - $0.23 dollar); and,
- Selling price per gram: indoor $5.37 dollar (2020 - $3.50 dollar); outdoor nil (2020 - $1.00 dollar).]

The increase in yield for Q2 2021 is a result of the Company's focus on production of its higher yielding strains and improved yield across all strains during the period. The decrease in post harvest cost is resulted from more efficient post-harvest production. The changes in selling prices are resulted from the actual changes in market prices.

The sensitivity on changes in these assumptions has been disclosed in the Note 5 of interim condensed consolidated financial statements for the period.

Amendments to IFRS 3, Business Combinations ("IFRS 3") – Definition of a Business
In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 to help entities determine whether an acquired set of activities and assets is a business or not. The amendments clarify the minimum requirements for a business, removed the assessment of whether market participants are capable of replacing any missing elements, added guidance to help entities assess whether an acquired process is substantive, narrowed the definitions of a business and of outputs, and introduced an optional fair value concentration test. Effective July 1, 2020, the Company adopted the amendments to IFRS 3, with no material impact on its condensed interim consolidated financial statements.

Amendments to IAS 1, Presentation of Financial Statements ("IAS 1"); and IAS 8, Accounting policies,changes in accounting estimates and errors ("IAS 8") – Definition of Material
In October 2018, the IASB issued amendments to IAS 1 and IAS 8 to align the definition of "material" across the standards and to clarify certain aspects of the definition. The new definition states that, information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. Effective July 1, 2020, the Company adopted the amendments to IAS 1 and IAS 8, with no material impact on its condensed interim consolidated financial statements

Amendments to IAS 1 – Presentation of financial statements: classifications of liabilities as current or non-current
In January 2020, the IASB issued amendments to clarify the requirements for classifying liabilities as current or non-current. The amendments specify that the conditions that exist at the end of a reporting period are those which will be used to determine if a right to defer settlement of a liability exists. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective January 1, 2022, with early adoption permitted. The amendments are to be applied retrospectively. The Company does not intend to early adopt these amendments and is currently assessing the impact of these amendments on its consolidated financial statements.

Summary of Outstanding Share Data
The authorized capital of the company consists of an unlimited number of common shares (the "Common Shares"). As of the date of this MD&A, the following table quantifies the number of issued and outstanding Shares and exercisable securities:

Common Shares	199,470,833
Listed warrants at an exercise price of $1.72	10,569,780
Private placement warrants at an exercise price of $0.30	22,767,000
Broker compensation options and warrants at an average exercise price of $0.778	4,069,824
Options at an average exercise price of $0.4258	11,228,560
Restricted share units at an average exercise price of $0.6394	823,334
Total outstanding	**248,929,331**

Segmented information
Key measures used by management to assess performance and make resource allocation decisions include revenues, gross profit and net income (loss). Similar to previous reporting periods, the Company's operating results are currently in one reportable segment and in one geographic market.

Financial instruments and risk management
The Company's financial instruments consist of cash and cash equivalents, trade and other receivables, long-term investments, debt, accounts payable and accrued liabilities.

Cash and cash equivalents are classified as fair value through profit or loss or other comprehensive loss and recorded at fair value. All cash is held in readily liquid instruments and held with a Canadian financial institution with a A+ S&P rating.

Trade and other receivables of $4,664 was made up of $3,072 due from provincial bodies where the Company sells cannabis products, GST/HST recoverable of $1,314 and $278 to arms-length businesses. Trade and other receivables are measured at amortized cost less any impairment losses. To date the Company has not experienced any bad debts and therefore the Company's expected credit loss is minimal.

Long-term investments are made up of 806,845 shares held in Fire and Flow. As the shares of Fire and Flower are actively traded on the Toronto Stock Exchange, this investment is classified as Level 1 on the fair value hierarchy under IFRS 13, classified as fair value through profit or loss or other comprehensive loss and recorded at fair value. As of December 31, 2020, the fair value of the shares was $702.

Accounts payable and accrued liabilities and debt are measured at amortized cost.

The fair value of cash and cash equivalents, any trade and other receivables, accounts payable and accrued liabilities are equal to their carrying value due to their short-term maturity.

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Corporate Information
48North is a vertically integrated cannabis company. The Company primarily operates its cannabis business through two, indirect, wholly-owned subsidiaries, DelShen Therapeutics Corp. ("DelShen") and Good & Green Corp. ("G&G"), both of which are licenced under the Cannabis Act. DelShen is licenced to produce, sell and extract cannabis pursuant to the Cannabis Act at the DelShen Facility, located near Kirkland Lake, Ontario. G&G is licenced to produce and extract cannabis pursuant to the Cannabis Act at the G&G Facility, located in Brantford, Ontario and is licenced to produce cannabis pursuant to the Cannabis Act at G&G's 100-acre outdoor cannabis production facility, the Good Farm.

Non-IFRS Measures

The interim condensed consolidated financial statements of 48North are prepared in accordance with IFRS. The Company's basis of presentation and significant accounting policies are summarized in detail in note 4 of the consolidated financial statements for the year ended June 30, 2020. Non-IFRS measures can be used by management of a business to evaluate it's performance. As non-IFRS measures do not have standardized meanings prescribed by IFRS, securities regulations require that non-IFRS measures be clearly defined, qualified, and reconciled with their nearest IFRS measure. These measures do not have standardized meanings or interpretations and may not be comparable to similar terms and measures provided by other issuers. These measures are provided as additional information to complement IFRS by providing a further understanding of operations from management's perspective and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

Adjusted EBITDA

48North uses Adjusted EBITDA to appraise performance removing the impacts and volatility of non-cash adjustments. Adjusted EBITDA is defined as the net and comprehensive income (loss) for the period, as reported, adjusted for depreciation and amortization, unrealized gain (loss) on inventory and biological asset, impairment loss, share-based compensation, financing accretion costs, taxes, and other non-cash and non-recurring items. The following table reconciles the Company's net loss and comprehensive loss, being the most directly comparable measure calculated in accordance with IFRS, to Adjusted EBITDA;

	Three months ended December 31, 2020	**Three months ended December 31, 2019**	**Six months ended December 31, 2020**	**Six months ended December 31, 2019**
Net loss and comprehensive loss	$ (7,149)	$ (6,096)	$ (11,017)	$ (3,895)
Unrealized fair value adjustment on growth of biological assets	779	1,392	627	(8,248)
Realized fair value adjustment on inventory sold	69	1,410	(324)	2,357
Depreciation included in inventory expensed to cost of sales	425	142	877	250
Depreciation and amortization	358	460	603	800
Share-based payments	293	472	576	1,279
Impairment of fixed assets	600	-	600	-
Inventory impairment loss	1,560	-	1,560	-
Fair value changes on other investments	98	-	98	-
Financing accretion costs	33	22	33	22
Change in fair value of contingent consideration	-	(1,496)	-	(2,030)
Deferred taxation	-	(926)	-	544
Foreign exchange	-	(63)	-	(25)
Adjusted EBITDA	**(2,934)**	**(4,683)**	**(6,367)**	**(8,946)**

Risk Factors

There are numerous and varied risks, known and unknown, that may prevent 48North from achieving its goals. The risk described below are not the only ones 48North will face. If any of these risks actually occurs, 48North's business, financial condition or results of operations may be materially and adversely affected. In that case, the trading price of 48North's securities could decline and investors in such securities could lose all or part of their investment.

General Business Risk and Liability

Given the nature of 48North's business, it may from time to time be subject to claims or complaints from investors or others in the ordinary course of business. The legal risks facing the company, its directors, officers, employees or agents in this respect include potential liability for violations of securities law, breach of fiduciary duty or misuse of investors' funds. Some violations of securities laws and breach of fiduciary duty could result in civil liability, fines, sanctions, or the suspension or revocation of 48North's right to carry on its existing business. 48North may incur significant costs in connection with such potential liabilities.

COVID-19

The global pandemic related to an outbreak of COVID-19 has cast uncertainty on many of the Company's assumptions and estimates. There can be no assurance that such assumptions and estimates continue to be valid. Given the rapid pace of change in the severity of and response to the COVID-19 outbreak, it is premature for the Company make further assumptions or estimates. The situation is dynamic and the ultimate duration and magnitude of the impact of COVID-19 on the economy and the financial effect on our business is not known at this time. These impacts could include, amongst others, an impact on our ability to obtain debt or equity financing, increased credit risk on receivables, impairment of investments, impairments in the value of our long-lived assets, or potential future decreases in revenue or profitability of our ongoing operations.

The Company's business is dependant on a number of factors which could be adversely disrupted by, among others, major health issues or pandemics. In particular, major health issues and pandemics, such as the global impact of COVID-19. Given the ongoing and dynamic nature of the circumstances, it is difficult to predict the impact of the COVID-19 outbreak on our business. These factors are beyond our control, may adversely affect us and our suppliers or cause disruptions to their and our businesses and may impact their ability to supply us.

To that end, the Company has taken a number of precautions with the intention of mitigating COVID-19 risk at its facilities and corporate office. On March 12, 2020, the Company required that all non-essential production employees work from home, where their duties with the Company allowed. This measure helps minimize the number of potential COVID-19 exposures on a daily basis. At the facilities, the Company has staggered start times, implemented a dual-shift program, prohibited social gatherings (i.e. lunch), and implemented increased sanitation programmes. Further, the Company instituted mandatory health checks, which included thermometer checks daily, prior to the commencement of work. If any employee exhibited any symptoms, had encountered someone with symptoms in their private life, or had travelled, they were sent home for a mandatory two-week self-isolation quarantine. These health checks and standards were also implemented for any outside contractor needing to enter the facility. While at work, physical distancing measures were enacted, personal protective equipment ("**PPE**") (such as mask, gloves, hair nets, booties and Tyvek suits) was made mandatory both inside the production area and outside in office spaces, and a third-party disaster relief cleaners were hired to institute a deep-clean on a weekly basis. As of the date hereof, the above measures remain in place and to the knowledge of the Company, no employee has tested positive for COVID-19. The Company will continually review the above measures in conjunction with the measures deemed appropriate by Ontario Public Health.

Business and Supply Chain Disruption: While it may be too early to fully understand the severity of COVID-19 and its long-term implications, there have been a number of challenges that the Company is facing. At our production facilities, staff are required to wear PPE. Ensuring that we have adequate supplies of PPE at reasonable prices has presented challenges as supply has been curtailed. During Q3 2020 the Company started its extraction operations, which relies on third party suppliers. To date, there have not been any disruptions, however, there could be a time when those third-party suppliers have reduced access or may be unable to work at the Good House facility.

Nature and Impact of Government Measures: The federal government has announced a number of measures to support workers and businesses, however, to date we have not been eligible for additional support. That said, the Company continues to investigate and monitor the activities of the federal and provincial governments and will apply for support wherever possible.

Sales: Since the start of the COVID-19 pandemic, sales have continued to grow and demand for product has increased. Initially, the production and sale of cannabis was deemed an essential service by the provincial governments of Ontario, Alberta, and Quebec and thus were permitted to stay open and continue operations. Approximately two weeks into the pandemic, the Government of Ontario delisted the store-front retail sale of cannabis as an essential service which resulted in the temporary closure of brick and mortar retailers in the province of Ontario. However, within one-week this order was revised, and retail locations were able to re-open, under the condition that the retail location could provide click-and-collect or delivery services. While there was a temporary lag in retailers re-opening, as a result of retail locations having inadequate technology to provide "click and collect" or "delivery", that lag has since been corrected.

Commodity Prices: As a cannabis company, the prices of cannabis flower and derivative products have seen an oversupply, leading to reduced expectations on commodity prices. During the current quarter, the Company reviewed it estimated fair market value of its inventory and determined that the average selling price per gram of its outdoor cannabis should be reduced from $1.00 per gram to $0.50 per gram.

Reliance on Licenses

The Company will be dependent on licences, or the ability to obtain licences, which are subject to ongoing compliance and reporting requirements, to conduct its business. Failure to comply with the requirements of these licences or any failure to obtain or maintain those licences could have a material adverse impact on the business, financial condition and operating results of the Company. There can be no guarantee that a licence will be issued, extended or renewed or, if issued, extended or renewed, that it will be issued, extended or renewed on terms that are favourable to the Company.

In Canada, few applicants for a licence from Health Canada ultimately receive a licence to produce and sell cannabis. Major expenditures may be required in pursuit of a licence or licenses and it is impossible to ensure that the expenditures will result in receipt of a licence or licenses and a profitable operation. There can be no assurances that the Company will obtain any licenses it applies for, or maintain its licences once obtained, to produce and sell cannabis and be brought into a state of commercial production. Should a licence of the Company not be issued, extended or renewed or should it be issued or renewed on terms that are less favourable to the Company than anticipated, the business, financial condition and results of the operations of the Company could be materially adversely affected.

The licenses 48North holds are specific to individual facilities. Any adverse changes or disruptions to the functionality, security and sanitation of 48North's sites or any other form of non-compliance may put 48North's licenses at risk, and ultimately adversely impact the business, financial condition and operations. As operations and financial performance may be adversely affected if 48North is unable to keep up with such requirements, 48North is committed to the maintenance of the sites and intends to comply with Health Canada and their inspectors as required.

As 48North's business continues to grow, any expansion to or update of current operating sites, or the introduction of new sites, will require the approval of Health Canada. There is no guarantee that Health Canada will approve any such expansions and/or renovations, which could adversely affect the Company's business, financial condition and operation

Volatile Market Price for Common Shares

The market price for Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond 48North's control, including the following:

actual or anticipated fluctuations in 48North's quarterly results of operations;

recommendations by securities research analysts;

changes in the economic performance or market valuations of companies in the industry in which 48North operates;

addition or departure of 48North's executive officers and other key personnel;

release or expiration of transfer restrictions on outstanding Common Shares;

sales or perceived sales of additional Common Shares;

operating and financial performance that vary from the expectations of management, securities analysts and investors;

regulatory changes affecting 48North's industry generally and its business and operations;

announcements of developments and other material events by 48North or its competitors;

fluctuations to the costs of vital production materials and services;

changes in global financial markets and global economies and general market conditions, such as interest rates and pharmaceutical product price volatility;

significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving 48North or its competitors;

operating and share price performance of other companies that investors deem comparable to 48North or from a lack of market comparable companies; and

news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in 48North's industry or target markets.

Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities and have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Such volatility has been particularly evident with regard to the share prices of cannabis-producing and cannabis-related companies that are public issuers in Canada. Accordingly, the market price of Common Shares may decline even if 48North's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are lasting and not temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in share price and volume will not occur. If such increased levels of volatility and market turmoil continue, 48North's operations could be adversely impacted and the trading price of Common Shares may be materially adversely affected.

Reliance on the Facilities

48North's operations and the conditions of the Facilities are, and will be, subject to hazards inherent in the cannabis industry, including equipment defects, equipment malfunctions, natural disasters, fire, explosions, or other accidents that may cause damage to the Facilities. Any adverse change or event affecting the Facilities may have a material and adverse effect on 48North's business, results of operations and financial condition.

Expansion of Facilities

Any expansions of the Facilities are subject to various potential problems and uncertainties, and may be delayed or adversely affected by a number of factors beyond 48North's control. These uncertainties include the failure to obtain regulatory approvals, permits, delays in the delivery or installation of equipment by suppliers, difficulties in integrating new equipment with existing facilities, shortages in materials or labor, defects in design or construction, diversion of management resources, and insufficient funding or other resource constraints. The actual cost of construction may exceed the amount budgeted for expansion. As the result of construction delays, cost overruns, changes in market circumstances or other factors, 48North may not be able to achieve the intended economic benefits from any expansion of operations at existing facilities, which in turn may affect 48North's business, prospects, financial condition and results of operations.

Holding Company Status

48North is a holding company and essentially all of its operating assets are the capital stock of its subsidiaries. 48North conducts substantially all of its business through its subsidiaries, which generate substantially all of its revenues, and its investors are therefore subject to the risks attributable to its subsidiaries. 48North's cash flow and its ability to complete current or desirable future enhancement opportunities are dependent on the earnings of its subsidiaries and the distribution of those earnings to 48North. The ability of 48North's subsidiaries to pay dividends and other distributions depends on each subsidiary's operating results, applicable laws and regulations regarding the payment of dividends and distributions, and any contractual restrictions on distributions in debt instruments, among other things. In the event of a bankruptcy, liquidation or reorganization of any of 48North's subsidiaries, debtholders and trade creditors will generally be entitled to the payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to 48North.

Limited Operating History

48North entered the medical and recreational cannabis business in 2018. 48North is therefore subject to many of the risks common to entering a new area of investment, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources, and a lack of revenue. There is no assurance that 48North will be successful in achieving a return on its shareholders' investments and the likelihood of success must be considered in light of its early stage of operations.

History of Net Losses

48North has incurred operating losses in recent periods. 48North may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, 48North expects to continue to increase its operating expenses as it implements initiatives to continue to grow its business. If 48North's revenues do not increase to offset its expected increases in costs and operating expenses, 48North will not be profitable.

Unfavorable Publicity or Consumer Perception

Management of the Company believes the medical cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the medical cannabis produced. Consumer perception of the Company's proposed products may be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medical cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the medical cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Company's proposed products and the business, results of operations, financial condition and cash flows of the Company. The Company'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 the Company, the demand for the Company's proposed products, and the business, results of operations, financial condition and cash flows of the Company. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of medical cannabis in general, or the Company's proposed products specifically, or associating the consumption of medical cannabis with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed. The parties with which 48North does business with may also perceive that they are exposed to reputational risk as a result of cannabis business activities. Failure to establish or maintain business relationships could have a material adverse effect on 48North.

Third Party Transportation

48North relies on third party transportation services to deliver its products. 48North is exposed to the inherent risks associated with relying on third party transportation services providers, including logistical problems, delays, loss or theft of product and increased shipping costs. Any delay in transporting the product, breach of security or loss of product, could have a material adverse effect on 48North's business, financial performance and results of operations. Further, any breach of security and loss of product during transport could affect 48North's status as a licensee under the Cannabis Act.

Management of Growth

48North may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of 48North to manage growth effectively will require continued implementation and improvement of their operational and financial systems and to expand, train and manage its employee base. The inability of 48North to deal with growth may have a material adverse effect on business, financial conditions, results of operations and prospects.

Growth Targets

The Company's ability to continue the cultivation of cannabis products at the same pace as it is currently producing or at all, and the Company's ability to continue to increase both the Company's cultivation capacity and the Company's production, may be affected by a number of factors, including plant design errors, non-performance by third party contractors, increases in materials or labor costs, construction performance falling below expected levels of output or efficiency, environmental pollution, contractor or operator errors, breakdowns, aging or failure of equipment or processes, labor disputes, as well as factors specifically related to indoor agricultural and processing practices, such as reliance on provision of energy and utilities to the facility, and potential impacts of major incidents or catastrophic events on the facility, such as fires, explosions, earthquakes or storms.

Acquisition Strategy Risks

The Company has made and may continue to pursue acquisition opportunities to advance its strategic plan. The successful integration of an acquired business typically requires the management of the pre-acquisition business strategy, including the retention and addition of customers, realization of identified synergies, retention of key staff and the development of a common corporate culture. Achieving the benefits of acquisitions depends in part on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner, as well as the ability to realize on anticipated growth opportunities and synergies from newly formed partnerships. Any failure to integrate an acquired business or realize the anticipated benefits of new partnerships may have a material adverse effect on the Company's business, financial condition and results of operations, as well as its future prospect for acquisitions or partnerships. There is no assurance that the Company will be able to successfully integrate an acquired business in order to maximize or realize the benefits associated with an acquisition.

Reliance on Management

The success of 48North is dependent upon the ability, expertise, judgment, discretion and good faith of senior management and key employees. While employment agreements and incentive programs are customarily used as primary methods of retaining the services of key employees, these agreements and incentive programs cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on 48North's business, operating results or financial condition.

Intellectual Property

The ownership and protection of trademarks, patents, trade secrets and intellectual property rights are significant aspects of the Company's future success. Unauthorized parties may attempt to replicate or otherwise obtain and use the Company's products and technology. Policing the unauthorized use of the Company's current or future trademarks, patents, trade secrets or intellectual property rights could be difficult, expensive, time-consuming and unpredictable, as may be enforcing these rights against unauthorized use by others.

In addition, other parties may claim that the Company's products infringe on their proprietary and perhaps patent protected rights. Such claims, whether or not meritorious, may result in the expenditure of significant financial and managerial resources, legal fees, injunctions, temporary restraining orders and/or require the payment of damages. As well, the Company may need to obtain licenses from third parties who allege that the Company has infringed on their lawful rights.

Such licenses, however, may not be available on terms acceptable to the Company or at all. In addition, the Company may not be able to obtain or utilize on terms that are favorable to it, or at all, licenses or other rights with respect to intellectual property that it does not own.

Conflicts of Interest

Certain directors and officers of 48North are also, or may become, directors and officers of other entities, or are otherwise engaged, and will continue to be engaged, in activities that may put them in conflict with the business strategy of the Company. Consequently, there is a risk that such officers or directors will be in a position of conflict. Conflicts, if any, will be subject to the procedures and remedies available under the CBCA.

In addition, 48North's directors and the officers are required to act honestly and in good faith with a view to its best interests. However, in conflict of interest situations, 48North's directors and officers may owe the same duty to another company and will need to balance their competing interests with their duties to 48North. Circumstances (including with respect to future corporate opportunities) may arise that may be resolved in a manner that is unfavourable to 48North.

Dividends

48North has not paid dividends in the past and does not anticipate paying dividends in the near future. 48North expects to retain earnings to finance the development and enhancement of its products and to otherwise reinvest in 48North's businesses. Any decision to declare and pay dividends in the future will be made at the discretion of the board of directors of 48North and will depend on, among other things, financial results, cash requirements, contractual restrictions and other factors that the board of directors of 48North may deem relevant. As a result, investors may not receive any return on investment in Common Shares unless they sell them for a share price that is greater than that at which such investors purchased them.

Limited Market for Securities

There can be no assurance that an active and liquid market for Common Shares will be maintained and an investor may find it difficult to resell any securities of 48North.

Liquidity Risk

48North's ability to remain liquid over the long term may depend on its ability to obtain additional financing. 48North has in place planning and budgeting processes to help determine the funds required to support normal operating requirements on an ongoing basis as well as its planned development and capital expenditures. 48North's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due.

Credit Risk

Any default under the Term Loan that is not waived by the applicable lenders could impact our results of operations and financial results and may have a material adverse effect on the trading price of our Common Shares. The Company is required to comply with the covenants in the Term Loan. These covenants could reduce the Company's flexibility in conducting the Company's operations by limiting the Company's ability to borrow money, or acquire or dispose of assets and conduct other corporate activity, and may create a risk of default on the Company's debt if the Company cannot satisfy or continue to satisfy these covenants.

Litigation

48North may become party to litigation, mediation and/or arbitration from time to time in the ordinary course of business which could adversely affect its business. Monitoring and defending against legal actions, whether or not meritorious, can be time-consuming, divert management's attention and resources and cause 48North to incur significant expenses. In addition, legal fees and costs incurred in connection with such activities may be significant and 48North could, in the future, be subject to judgments or enter into settlements of claims for significant monetary damages.

While 48North has insurance that may cover the costs and awards of certain types of litigation, the amount of insurance may not be sufficient to cover any costs or awards. Substantial litigation costs or an adverse result in any litigation may adversely impact 48North's business, operating results or financial condition.

Political and Economic Instability

48North may be affected by possible political or economic instability. The risks include, but are not limited to, terrorism, military repression, extreme fluctuations in currency exchange rates and high rates of inflation. Changes in medicine and agriculture development or investment policies or shifts in political attitude in certain countries may adversely affect

48North's business. Additionally, as legalization of cannabis occurs in markets outside of Canada, including, but not limited to, the United States, the Company may be subject to enhanced competition from foreign cannabis producers, which could adversely impact the Company's business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, distribution, price controls, export controls, income taxes, expropriation of property, maintenance of assets, environmental legislation, land use, land claims of local people and water use. The impact of these factors cannot be accurately predicted.

Global Economy Risk

An economic downturn of global capital markets has been shown to make the raising of capital by equity or debt financing more difficult. 48North will be dependent upon the capital markets to raise additional financing in the future, while it executes on its business plans. As such, 48North is subject to liquidity risks in meeting its development and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact 48North's ability to raise equity or obtain loans and other credit facilities in the future and on terms favorable to 48North and its management. If uncertain market conditions persist, 48North's ability to raise capital could be jeopardized, which could have an adverse impact on 48North's operations and the trading price of the Common Shares.

Risks Relating to the Medical and Recreational Cannabis Industries

Regulatory Risks

48North operates in a new industry which is highly regulated, highly competitive and evolving rapidly. As such, new risks may occur and management may not be able to predict all such risks or be able to predict how such risks may result in actual results differing from the results contained in any forward-looking statements.

48North's ability to grow, store and sell cannabis in Canada is dependent on its Licenses from Health Canada and maintaining such Licenses in good standing. Failure to comply with the requirements of the Licenses and maintaining this Licenses would have a material adverse impact on the business, financial condition and operating results of 48North.

48North will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions of the Company's operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to 48North's operations, increased compliance costs or may give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of 48North.

The industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond 48North's control and which cannot be predicted, including changes to government regulations. Changes in government levies and taxes could reduce 48North's earnings and could make future capital investments or 48North's operations uneconomic. The cannabis industry is also subject to numerous legal challenges, which may significantly affect the financial condition of market participants and which cannot be reliably predicted.

Environmental and Employee Health and Safety Regulations

48North'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. 48North 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 restrictions on 48North's manufacturing operations. Changes in environmental, employee health and safety, or other laws, more vigorous enforcement thereof or other unanticipated events could require extensive changes to current operations or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of 48North.

Governmental Regulation

The business and activities of the Company are heavily regulated. The Company's operations are subject to various laws, regulations and guidelines by governmental authorities, particularly Health Canada, relating to the manufacture, marketing, management, transportation, storage, sale and disposal of medical and recreational marijuana, and also including laws and regulations relating to health and safety, the conduct of operations and the protection of the environment. Laws and regulations, applied generally, grant government agencies and self-regulatory bodies broad administrative discretion over the activities of the Company, including the power to limit or restrict business activities as well as impose additional disclosure requirements on the Company's products and services.

To the knowledge of management, the Company is currently in compliance under the Cannabis Act. Failure to comply with the laws and regulations applicable to its operations may lead to possible sanctions including the revocation or imposition of additional conditions on its licences to operate the Company's business; the suspension or expulsion from a particular market or jurisdiction or of its key personnel; and, the imposition of fines and censures. To the extent that there are changes to the existing or the enactment of future laws and regulations that affect the sale or offering of the Company's product or services in any way it may have a material adverse effect on the Company's business, financial condition and results of operations.

With the Cannabis Act now in effect, there is no guarantee that provincial legislation regulating the distribution and sale of cannabis for recreational 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.

Changes in Laws, Regulations and Guidelines

48North's operations are subject not only to a variety of laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of medical and recreational cannabis, but also to regulations relating to health and safety, privacy, the conduct of operations and the protection of the environment in the jurisdictions in which they operate. Changes to such laws, regulations and guidelines, including changes related to government taxes and levies, may materially and adversely affect 48North's businesses, financial conditions and results of operations. For more information on recent changes to the regulatory framework of medicinal and recreational cannabis in Canada, see "*Description of the Business – Industry Overview*" for more information.

In addition, the introduction of new tax laws, regulations or rules, or changes to, or differing interpretation of, or application of, existing tax laws, regulations or rules in Canada could result in an increase in taxes, or other governmental charges, duties or impositions. No assurance can be given that new tax laws, regulations or rules will not be enacted or that existing tax laws, regulations or rules will not be changed, interpreted or applied in a manner which could result in the Company's profits being subject to additional taxation or which could otherwise have a material adverse effect. Due to the complexity and nature of the Company's operations, various legal and tax matters may be outstanding from time to time. If the Company is unable to resolve any of these matters favorably, it may have a material adverse effect on the Company.

Restrictions on Sales and Marketing

The medical and recreational cannabis industries are in their early development stages and restrictions on sales and marketing activities imposed by Health Canada, various medical associations, other governmental or quasi-governmental bodies or voluntary industry associations may adversely affect 48North's ability to conduct sales and marketing activities and could have a material adverse effect on 48North's businesses, operating results and financial conditions.

TSX-V Restrictions on Business

As a condition to listing on the TSX-V, the TSX-V required that the Company deliver an undertaking ("**Undertaking**") to only conduct cannabis or cannabis-related activities in Canada pursuant to one or more licenses issued by Health Canada, unless prior approval is obtained from the TSX-V. The Undertaking could have an adverse effect on the Company's ability to do business or operate outside of Canada, and the Company's competitors may not be subject to the same restrictions. These restrictions could materially and adversely affect the growth, business, financial condition and results of operations of the Company.

Competition

The markets for the medical and recreational cannabis products appear to be sizable and Health Canada has only issued a limited number of licenses under the former ACMPR regime and the new Cannabis Act regime to produce and sell medical and recreational cannabis. There are several hundred existing applicants for licenses in queue. The number of licenses issued could have an impact on the operations of 48North. Because of the early stage of the industry in which 48North operates, 48North expects to face additional competition from new entrants. According to Health Canada, as of the date hereof there were 610 licensees under the Cannabis Act. The Company also faces competition from illegal cannabis dispensaries, who do not have a valid license, that are selling to individuals. If the number of users of medical and recreational cannabis in Canada increases, the demand for products will increase and 48North expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. 48North expects significant competition from other companies applying for production licenses that may have significantly greater financial, technical, marketing and other resources, which may be able to devote greater resources to the development, promotion, sale and support of their products and services, and may have more extensive customer bases and broader customer relationships.

To remain competitive, 48North will require a continued level of investment in research and development, marketing, sales and client support. 48North may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis, which could materially and adversely affect the business, financial condition and results of operations of 48North. If 48North and its subsidiaries are not successful in investing sufficient resources in these areas, their ability to compete in the market may be adversely affected, which in turn could materially and adversely affect 48North's business, financial conditions and results of operation.

Additionally, there is potential that the industry will undergo consolidation, creating larger companies that may have increased geographic scope and other economies of scale. Increased competition by larger, better-financed competitors with geographic or other structural advantages could materially and adversely affect the business, financial condition and results of operations of 48North.

Risks Inherent in an Agriculture Business

48North's business involves the growing of cannabis, which is an agricultural product. As such, the business is subject to the risks inherent in the agricultural business, including pests, plant diseases and similar agricultural risks. While 48North grows a portion of its products in a climate controlled, monitored, indoor location at the DelShen Facility and the Good House, there is no guarantee that changes in outside weather and climate will not have a material adverse effect on 48North's ability to cultivate cannabis.

Weather and Other Conditions

48North has received a licence from Health Canada to grow cannabis outdoors at the Good Farm. Like other agricultural products, the quality of cannabis grown outdoors is affected by weather and the environment, which can change the quality or size of the harvest. If a weather event is particularly severe, such as a major drought or hurricane, the affected harvest could be destroyed or damaged to an extent that it would be less desirable to the Company's customers, which would result in a reduction in revenues. If such an event is also widespread, it could affect the Company's ability to acquire the quantity of products required by customers. In addition, other items can affect the marketability of cannabis grown outdoors, including, among other things, the presence of: non-cannabis related material; genetically modified organisms; and excess residues of pesticides, fungicides and herbicides.

A significant event impacting the condition or quality of a large amount of any of the cannabis plants the Company buys could make it difficult for the Company to sell such cannabis or to fill customers' orders. In addition, in the event of climate change, adverse weather patterns could develop in the growing regions in which the Company purchases cannabis plants. Such adverse weather patterns could result in more permanent disruptions in the quality and size of the available crop, which could adversely affect the Company's business.

Vulnerability to Rising Energy Costs

48North's cannabis operations consume considerable energy, making 48North vulnerable to rising energy costs. Rising or volatile energy costs may adversely impact the business of 48North and its ability to operate profitably.

Reliance on Key Inputs

The Company is dependent on a number of key inputs and their related costs, including raw materials and supplies related to their growing operations, as well as electricity, water and other utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the Company's financial condition and operating results. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on the Company's business, financial condition and operating results.

Product Liability

As a manufacturer and distributor of products designed to be ingested or inhaled by consumers, 48North faces an inherent risk of exposure to product liability claims, regulatory actions and litigation if its products are alleged to have caused loss or injury. In addition, the manufacture and sale of products involve the risk of injury or loss to consumers due to tampering by unauthorized third parties, product contamination and unauthorized use by consumers or other third parties. Previously unknown adverse reactions resulting from human consumption of 48North's products alone or in combination with other medications or substances could occur. 48North may be subject to various product liability claims, including that 48North's products caused death, injury, illness, or other loss. A product liability claim or regulatory action against 48North could result in increased costs, adversely affect 48North's reputation with its respective clients and consumers generally, and adversely affect the results of operations and financial conditions of 48North.

There can be no assurance that 48North 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. An inability to obtain sufficient insurance coverage on reasonable terms could prevent or inhibit the commercialization of 48North's products.

Product Recalls

Manufacturers and distributors of products may be 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 48North's products are recalled due to an alleged product defect or for any other reason, 48North could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. 48North 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 and otherwise distracted from day to day operations.

Operating Risk and Insurance Coverage

48North maintains insurance to protect its assets, operations and employees. While 48North believes its insurance coverage addresses all material risks to which they are exposed and is adequate and customary in its current state of operations, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which 48North may be exposed. 48North may also be unable to maintain insurance at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. 48North might also become subject to liability for pollution or other hazards which may not be insured against or which 48North may elect not to insure against because of premium costs or other reasons. Losses from these events may cause 48North to incur significant costs that could have a material adverse effect upon 48North's financial performance and results of operations.

There can be no assurance that 48North 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. An inability to obtain sufficient insurance coverage on reasonable terms could prevent or inhibit the commercialization of 48North's products.

Legalization of Recreational Cannabis

The adult-use cannabis industry and market in Canada is subject to certain risks that will be unique to this industry. If any of these risks occur, the Company's business, financial condition, results of operations and prospects could be adversely affected in a number of ways, including by not being able to successfully compete in the adult-use cannabis industry and by being subject to fines, damage awards and other penalties as a result of regulatory infractions or other claims brought against the Company.

On October 17, 2018, the Cannabis Act came into effect. Uncertainty remains, however, with respect to the implementation and/or on-going continuation of the Cannabis Act as well as the various provincial and territorial regimes governing the distribution and sale of cannabis for recreational purposes. The impact of these laws, regulations and guidelines on the Company's business, including increased costs of compliance and other potential risks, remain uncertain and, accordingly, may cause the Company to experience adverse effects.

The Canadian federal regulatory regime requires plain packaging in order to prohibit testimonials, lifestyle branding and packaging that is appealing to youth. The restriction on the use of logos and brand names on cannabis products could have a material adverse impact on the Company's business, financial condition and results of operations, as it may be difficult to establish brand loyalty. In addition, the Cannabis Act allows for Licenses to be granted for outdoor cultivation, which may reduce start-up capital required for new entrants in the cannabis industry. It may also ultimately lower prices, as capital expenditure requirements related to outdoor growing are typically much lower than those associated with indoor growing. Such results may also have a material adverse impact on the Company's business, financial condition and results of operation of the Company.

There is no guarantee that provincial legislation regulating the retail distribution and sale of cannabis for adult use purposes will remain unchanged or that it will be implemented in a way that is favourable to the Company. It is possible for significant legislative amendments to be enacted in each province to address any current or future regulatory issues or perceived inadequacies in the distribution of cannabis. There is no guarantee that provincial or territorial legislation regulating the distribution and sale of cannabis for recreational purposes will create the growth opportunities that are currently anticipated by The Company.

There are significant restrictions on the marketing, branding, product formats and/or distribution channels allowed under the law, which may reduce the value of certain products and brands or negatively impact the Company's ability to complete in the adult-use cannabis market. Adult-use legislation includes a requirement for health warnings on product packaging, the limited ability to use logos and branding (only one logo and one brand name per package), and restrictions on types and avenues of marketing. Additional restrictions may be imposed at the provincial level. While the Company believes it will be able to adapt its brands and products to satisfy these restrictions and to package and successfully distinguish its brands in the marketplace while remaining compliant with the approved or proposes legislation (including all provincial legislation) that has been proposed or passed to date, provincial or other legislation may contain additional restrictions, such as a complete ban on marketing, that impact the Company's ability to do so. Such additional restrictions may impair the Company's ability to develop adult-use brands, and a complete ban on marketing may make it uneconomic or unfeasible to introduce certain brands or products into the Canadian market. Further, each province and territory of Canada has the ability to separately regulate the distribution of cannabis within such province or territory, and any rules adopted by these provinces or territories may vary significantly. Such variance may make participation in the adult-use cannabis market uneconomic or of limited economic benefit and could result in significant additional compliance or other costs and limitations on the Company's ability to compete successfully in each such market.

The Company may face enhanced competition from other Licensed Producers and those individuals and corporations who are licensed under the Cannabis Act to participate in the adult-use cannabis industry. The Cannabis Act establishes a licensing regime for the production, testing, packaging, labelling, delivery, transportation, sale, possession and disposal of cannabis for adult use. Moreover, the Cannabis Act allows individuals to cultivate, propagate, harvest and distribute up to four cannabis plants per household, provided that each plant meets certain requirements. If the Company is unable to effectively compete with other suppliers to the adult-use cannabis market, or a significant number of individuals take advantage of the ability to cultivate and use their own cannabis, the Company's success in the adult-use business may be limited and may not fulfill the expectations of management. The Company will face competition from existing Licensed Producers and other producers licensed under the Cannabis Act. Certain of these competitors may have significantly greater financial, production, marketing, research and development and technical and human resources than the Company. As a result, competitors may be more successful than the Company in gaining market penetration and market share. The commercial opportunity in the adult-use market could be reduced or eliminated if competitors produce and commercialize products for the adult-use market that, among other things, are safer, more effective, more convenient or less expensive than the products that the Company may produce, have greater sales, marketing and distribution support than the Company's products, enjoy enhanced timing of market introduction and perceived effectiveness advantages over the Company's products and receive more favorable publicity than the Company's products. If the Company's adult-use products do not achieve an adequate level of acceptance by the adult-use market, the Company may not generate sufficient revenue from these products, and the Company's adult-use business may not become profitable.

The Company and other cannabis producers in Canada may produce more cannabis than is needed to satisfy the collective demand of the Canadian medical and adult-use markets, and the Company may be unable to export that oversupply into other markets where cannabis use is fully legal under all federal and state or provincial laws. As a result, the available supply of cannabis could exceed demand, resulting in a significant decline in the market price for cannabis. If this were to occur, there is no assurance that the Company would be able to generate sufficient revenue from the sale of adult-use cannabis to result in profitability. Moreover, the Cannabis Act imposes further packaging, labelling and advertising restrictions on producers in the adult-use market. If the Company is unable to effectively market its products and compete for market share, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased selling prices for the Company's products, then sales and operating results could be adversely affected. Further, if the Company fails to comply with the packaging, labelling and advertising restrictions, the Company will be subject to monetary penalties, required to suspend sale of noncompliant products and/or be disqualified as a vendor by government-run provincial distributors.

Results from Future Clinical Research

Research regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis or isolated cannabinoids (such as CBD and THC) remains in early stages. There have been relatively few clinical trials on the benefits of CBD and THC. Although 48North believes that the articles, reports and studies support its beliefs regarding the therapeutic benefits, viability, safety, efficacy, dosing and social acceptance of cannabis, future research and clinical trials may prove such statements to be incorrect, or could raise concerns regarding, and perceptions relating to, cannabis. Given these risks, investors should not place undue reliance on such articles, reports and studies. Future research studies and clinical trials may draw opposing or negative conclusions regarding the facts and perceptions related to cannabis, which could have a material adverse effect on the demand for 48North's products with the potential to lead to a material adverse effect on 48North's business, financial condition, results of operations or prospects.

Reliance on Skilled Workers and Equipment

The ability of the Company to compete and grow cannabis will be dependent on it having access to, at a reasonable cost and in a timely manner, skilled labour, equipment, parts and components. No assurances can be given that the Company 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 the Company may be significantly greater than anticipated by management, and may be greater than funds available, in which circumstance the Company may curtail, or extend the timeframes for completing, its capital expenditure plans. This could have an adverse effect on the operations and financial results of the Company.

Co-Investment Risk

48North may decide to invest with certain strategic investors and/or other third parties through joint ventures or other entities. These parties may have different interests or superior rights to those of 48North. Although it is the general intent of 48North to retain control and superior rights associated with its investments, under certain circumstances, it may be possible that 48North relinquishes such rights over certain of its investments and, therefore, may have a limited ability to protect its position therein. In those cases where 48North does maintain a control position with respect to its investments, 48North's investments may be subject to typical risks associated with third-party involvement, including the possibility that a third-party may have financial difficulties resulting in a negative impact on such investment, may have economic or business interests or goals that are inconsistent with those of 48North, or may be in a position to take (or block) action in a manner contrary to 48North's objectives. 48North may also, in certain circumstances, be liable for the actions of its third-party partners or co-investors.

Regulatory or Agency Proceedings, Investigations and Audits

The Company's business requires compliance with many laws and regulations. Failure to comply with these laws and regulations could subject the Company to regulatory or agency proceedings or investigations and could also lead to damage awards, fines and penalties. The Company may become involved in a number of government or agency proceedings, investigations and audits. The outcome of any regulatory or agency proceedings, investigations, audits, and other contingencies could harm the Company's reputation, require the Company to take, or refrain from taking, actions that could harm its operations or require the Company to pay substantial amounts of money, harming its financial condition. There can be no assurance that any pending or future regulatory or agency proceedings, investigations and audits will not result in substantial costs or a diversion of management's attention and resources or have a material adverse impact on the Company's business, financial condition and results of operation.

Ability to Establish and Maintain Bank Accounts

While 48North does not anticipate any banking restrictions at this time, there is a risk that banking institutions may not accept payments related to the cannabis industry. Such risks could increase costs for 48North. In the event financial service providers do not accept accounts or transactions related to the cannabis industry, it is possible that 48North may be required to seek alternative payment solutions, including but not limited to cryptocurrencies such as Bitcoin. There are risks inherent in cryptocurrencies, most notably its volatility and security issues. If the industry was to move towards alternative payment solutions and accept payments in cryptocurrency, 48North would have to adopt policies and protocols to manage its volatility and exchange rate risk exposures. 48North's inability to manage such risks may adversely affect 48North's operations and financial performance.

Information Technology Systems and Cyber-Attacks

The Company has entered into agreements with third parties for hardware, software, telecommunications and other information technology ("**IT**") services in connection with its operations. The Company's operations depend, in part, on how well it and its suppliers protect networks, equipment, IT systems and software against damage from a number of threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism and theft. The Company's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact the Company's reputation and results of operations.

The Company has not experienced any material losses to date relating to cyber-attacks or other information security breaches, but there can be no assurance that the Company will not incur such losses in the future. The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

Difficulty to Forecast & Reliability of Data

48North must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the industry. 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 the business, results of operations, financial condition or prospects of 48North.

In addition, as a result of recent and ongoing regulatory and policy changes in the medical and recreational cannabis industry, the market data available may be limited and unreliable. The research data collected by the Company will be an integral part of its business for the production of research-based reports. Market research and projections by 48North of estimated total retail sales, demographics, demand, and similar consumer research, may be based on assumptions from limited and unreliable market data. If there are issues with the data's integrity or security, the data and research-based reports could be considered ineffective or unreliable.

Competition from Synthetic Production and Technological Advances

The pharmaceutical industry may attempt to dominate the cannabis industry through the development and distribution of synthetic products which emulate the effects and treatment of organic cannabis. If they are successful, the widespread popularity of such synthetic products could change the demand, volume and profitability of the cannabis industry. This could adversely affect the ability of 48North to secure long-term profitability and success through the sustainable and profitable operation of its business. There may be unknown additional regulatory fees and taxes that may be assessed in the future.

Fraudulent or Illegal Activity by Employees, Contractors, and Consultants

The Company is exposed to the risk that its employees, independent contractors, and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities to the Company that violates government regulations, manufacturing standards, federal and provincial healthcare fraud and abuse laws and regulations; or laws that require the true, complete, and accurate reporting of financial information or data. The precautions taken by the Company to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Company from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against 48North, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on 48North's business, including the imposition of civil, criminal, and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits, and future earnings, and curtailment of the Company's operations, any of which could have a material adverse effect on the Company's business, financial condition, and results of operations.