PATIENTS MUTUAL ASSISTANCE COLLECTIVE CORPORATION

MANAGEMENT'S DISCUSSION & ANALYSIS

YEARS ENDED DECEMBER 31, 2018 AND DECEMBER 31, 2017

(Amounts Expressed in United States Dollars Unless Otherwise Stated)

Dated: May 29, 2019

This management's discussion and analysis ("MD&A") of the financial condition and results of operations of Patients Mutual Assistance Collective Corporation ("PMACC" or the "Company") has been prepared by management of the Company and is supplemental to, and should be read in conjunction with, the Company's audited consolidated financial statements and the accompanying notes for the years ended December 31, 2018 and 2017. In preparing this MD&A, management of the Company has taken into account information available up to May 29, 2019, unless otherwise stated.

The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). Financial information presented in this MD&A is presented in United States dollars ("$" or "US$"), unless otherwise indicated.

This MD&A has been prepared in accordance to the MD&A disclosure requirements established under National Instrument 51-102 Continuous Disclosure Obligations of the Canadian Securities Administrators.

This MD&A contains certain "forward-looking statements" and certain "forward-looking information" as defined under applicable United States securities laws and Canadian securities laws relating, but not limited to, the Company's future financial position and results of operations, strategies, plans, objectives, goals, targets, and future developments in the markets where the Company participates or is seeking to participate. Forward-looking information typically contains statements with words such as "consider", "anticipate", "believe", "expect", "plan", "intend", "may", "likely", or similar words suggesting future outcomes or statements regarding an outlook, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. Readers should be aware that these statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results, performance or achievements of the Company to differ materially from those suggested by the forward-looking information and statements, some of which may be beyond the control of management.

Although the Company believes that the expectations, estimates, and projections reflected in such forward-looking information and statements are reasonable, such forward-looking information and statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information and statements. On this basis, readers are cautioned not to place undue reliance on such forward looking information and statements. Please refer to the discussion of forward-looking statements and information set out under the heading "Cautionary Note Regarding Forward-Looking Statements" and "Item 17 – Risk Factors" in the Listing Statement of Lineage Grow Company Ltd. As a result of many factors, the Company's actual results may differ materially from those anticipated in these forward-looking statements and information.

The MD&A was prepared and approved by management of the Company on May 29, 2019.

OVERVIEW OF THE COMPANY

PMACC was incorporated on August 28, 2005, under the California Corporations Code in the United States of America. The Company includes PMACC and the following entity which is controlled by PMACC:

Entity	Place of incorporation	Effective ownership
San Jose Wellness Solutions Corp.	California	100%

PMACC is a California cannabis consumer goods company whose primary objective is to provide extraordinary service by offering cannabis through a safe and affordable alternative to illegal markets. The Company serves individuals suffering from a wide variety of medical issues as well as all adults over the age of twenty-one and advocates for the needs of its patients, customers, and the community. The Company strives to promote the benefits of cannabis through social and political awareness. The Company is supported primarily through the sale of cannabis and related products.

Operating Divisions

The Company has consolidated financial statements across its operating divisions:

Retail – direct sales to end consumers in its retail stores

Wholesale – cultivate, manufacture, sell and distribute packaged cannabis products to distributors and third-party retailers

Operational Drivers

Revenue is derived from Wholesale and Retail businesses in which the Company cultivates, manufactures, sells and distributes cannabis products to distributors and third-party retailers, and from direct sales to end consumers in its retail stores.

Gross profit is revenue less cost of goods sold. Cost of goods sold includes the costs directly attributable to product sales and includes amounts paid for finished goods, such as flower, edibles, and concentrates, as well as packaging and other supplies, fees for services and processing, and allocated overhead which includes allocations of rent, administrative salaries, utilities, and related costs. Cannabis related costs are affected by various state regulations that limit the sourcing and procurement of cannabis product, which may create fluctuations in gross profit over comparative periods as the regulatory environment changes. Gross margin measures our gross profit as a percentage of revenue.

Operating expenses (other than the cost of goods sold) consist of general and administrative costs to support customer relationships, marketing and branding activities, and the corporate infrastructure required to sustain the ongoing business. General and administrative expenses also include costs incurred at the corporate offices, primarily related to personnel costs, including salaries, incentive compensation, and benefits. Operating expenses also include professional fees. The Company expects such costs to increase to support aggressive expansion plans and navigate the increasing complexity of the cannabis industry.

Furthermore, the Company expects to continue to incur acquisition and transaction costs related to these expansion plans and anticipates an increase in compensation expenses related to recruiting and hiring talent.

Provision for Income Taxes PMACC is subject to income taxes in the jurisdictions for which the Company operates and, consequently, income tax expense is a function of the allocation of taxable income by a jurisdiction and the various activities that impact the timing of taxable events. Companies operating in the US cannabis industry are subject to the limitations of IRC Section 280E under which taxpayers are only allowed to deduct expenses directly related to sales of product. This results in permanent differences between ordinary and necessary business expenses deemed non-allowable under IRC Section 280E and a higher effective tax rate than most industries. Therefore, the effective tax rate can be highly variable and may not necessarily correlate to pre-tax income or loss.

SELECTED FINANCIAL INFORMATION

The following is selected financial data derived from the audited consolidated financial statements of the Company for the years ended December 31, 2018 and 2017. The selected consolidated financial information set out below may not be indicative of the Company's future performance:

	Selected Finacial Information	**Year Ended December 31, 2018**	**2017**
a)	Total Revenue, net of discounts	$ 43,184,490	$ 45,316,159
	Retail	*37,823,017*	*43,060,794*
	Wholesale	*5,361,473*	*2,255,365*
b)	Cost of Goods Sold	42,665,021	40,115,063
	Retail	*27,169,686*	*32,381,786*
	Wholesale	*15,495,334*	*7,733,277*
	Change in Fair Value of Biological Assets	(1,694,444)	(1,451,049)
c)	Gross Profit	2,213,913	6,652,145
d)	Operating Expenses	14,002,928	14,093,739
	Loss from Operations	**$ (11,789,015)**	**$ (7,441,594)**
e)	Other Income (Expense)	$ (252,534)	$ 118,923
f)	Provision of Income Taxes	$ 73,652	$ (1,600)
	Current Assets	$ 11,844,505	$ 11,962,819
	Total Assets	$ 14,915,056	$ 14,134,648
	Total Liabilites	$ 34,763,530	$ 22,015,225

a) Sales Revenue

Total revenue for the fiscal year ended December 31, 2018 was $43,184,490 down 4.7% from $45,316,159 for fiscal year ending December 31, 2017.

Retail revenue for the year ended December 31, 2018 was $37,823,017 down $5,237,777 from year ended December 31, 2017.

Wholesale revenue for the fiscal year ended December 31, 2018 was $5,361,473, up $3,106,108 from fiscal year ended December 31, 2017.

b) Cost of Goods Sold

Retail cost of goods sold are derived from retail purchases made from other licensed operators within the State of California and indirect expenses associated with the management of inventory. For the year ended December 31, 2018 retail cost of goods sold was $27,169,686, down $5,212,100 or 16.1% compared to the year ended December 31, 2017.

Wholesale cost of goods sold are derived from costs related to the internal cultivation and production of cannabis. For the year ended December 31, 2018 wholesale cost of goods sold, excluding any adjustments to the fair value of biological assets, was $15,495,334, up $7,762,057 or 100.4% compared to year ended December 31, 2017. Cost increases are primarily attributed to the startup and expansion of the operation, including cost of cultivation, labor, utilities, and infrastructure.

Inventory of plants under production is considered a biological asset. Under IFRS, biological assets are to be recorded at fair value at the time of harvest, less costs to sell. The biological assets are transferred to inventory and the transfer becomes the deemed cost on a go-forward basis. When the product is sold, the fair value is relieved from inventory and the transfer is recorded to cost of sales. In addition, the cost of sales also include products and costs related to other products acquired from other producers and sold by the Company.

c) Gross Profit

Retail gross profit for the year ended December 31, 2018 was $10,653,331 representing a gross margin on the sale of cannabis goods in its retail locations of 28.2%. This is compared to a retail gross profit for the year ended December 31, 2017 of $10,679,008 or a 24.8% gross margin.

Wholesale gross loss before biological adjustments for the year ended December 31, 2018 was $10,133,861 representing a negative gross margin of 189%, compared to wholesale gross loss before biological adjustments for the year ended December 31, 2017 of $5,477,912 or a 243% negative gross margin. The Company's cultivation operation is still in the startup phase. PMACC is actively investing in processes and procedures concurrent with its cultivation buildout to improve yield and margins which it expects to complete in 2019. Until the buildout is complete, the company expects negative margins for Wholesale to continue.

The unrealized gain from changes in fair value of biological assets for the year ended December 31, 2018 was $1,694,444, up $243,395, driven by increased cannabis in production.

d) Operating Expenses

Operating expenses for the year ended December 31, 2018 were $14,002,928, down $90,811 or 0.6% from the prior year.

e) Other Income (Expense)

Other expense for the year ended December 31, 2018 totaled $252,534, compared to $118,923 of other income in 2017. The increase in other expense is primarily attributable to interest expense of $353,613 related to notes payable due to FLRish, Inc., a related party.

f) Provision for Income Taxes

Income tax expense is recognized based on the expected tax payable on the taxable income for the year, using the tax rates enacted or substantively enacted at year-end. For the year ended December 31, 2018, the Company's income tax refund totaled $73,652 compared to income tax expense of $1,600 for the year ended December 31, 2017. Note that these provision for income taxes do not include potential tax liabilities arising from 280E. As referenced in the commitments and contingencies section of the footnotes (Note 20), litigation with the IRS is still ongoing and the Company estimates that the tax liability could range from $11 million to $15 million (including San Jose Wellness). The Company expects to record the liability at the conclusion of the litigation with the IRS.

Loss from Operations

Net loss from operations before other income (expense), provision for income taxes for the year ended December 31, 2018 was $11,789,015, an increase of $4,347,421 from year ended December 31, 2017.

As presented in the Non-IFRS section, after adjusting for non-cash operating expenditures, EBITDA was ($11,437,163) and ($7,105,343) for the years ended December 31, 2018 and 2017, respectively.

Current Assets

Current assets decrease of $118,314 from December 31, 2017 to December 31, 2018 was attributable to a decrease in retail inventory as the Company sold off additional cannabis flower purchased in December 2017 in anticipation of the legalization of recreational sales on January 1, 2018. The decrease was offset by increases in cash, biological assets, and prepaid expenses.

Total Liabilities

The increase in total liabilities is attributable to retail management services performed by our related party, FLRish and additional notes payable borrowings from FLRish.

Non-IFRS Measures

The following information provides reconciliations of the supplemental non-IFRS financial measures, presented herein to the most directly comparable financial measures calculated and presented in accordance with IFRS. The Company has provided the non-IFRS financial measures, which are not calculated or presented in accordance with IFRS, as supplemental information and in addition to the financials measures that are calculated and presented in accordance with IFRS. These supplemental non-IFRS financial measures are presented because management has evaluated the financial results both including and excluding the adjusted items and believe that the supplemental non-IFRS financial measures presented provide additional perspective and insights when analyzing the core operating performance of the business. These supplemental non-IFRS measures should not be considered superior to, as a substitute for or as an alternative to, and should be considered in conjunction with, the IFRS financial measures presented.

Non-IFRS Measures	**Year Ended December 31,**			
		2018		**2017**
Net Loss (IFRS)	**$**	**(11,967,897)**	**$**	**(7,324,271)**
Interest expense, net	$	330,162	$	7,098
Provision for Income Taxes	$	(73,653)	$	1,600
Depreciation and amortization	$	274,225	$	210,230
EBITDA (non-IFRS measure)	**$**	**(11,437,163)**	**$**	**(7,105,343)**

Non-GAAP Measures

This MD&A references certain measures that are not prescribed by Canadian generally accepted accounting principles ("GAAP") and as such may not be comparable to similar measures presented by other companies. Management believes these measures are commonly employed to measure performance in its industry and are used by analysts, investors, lenders and interested parties to evaluate financial performance and the Company's ability to incur and service debt to support its business activities. The measures used are specifically defined where they are first used in this report.

While management believes that non-GAAP measures are helpful supplemental information, they should not be considered in isolation as an alternative to net income, cash flows generated by operating, investing or financing activities, or other financial statement data presented in accordance with GAAP.

The non-GAAP measures presented in this MD&A are as follows: (i) "EBITDA", which refers to operating loss plus interest expense, provision for income taxes, and depreciation and amortization.

LIQUIDITY & CAPITAL RESOURCES

Overview

Our primary need for liquidity is to fund working capital requirements of our business, capital expenditures, debt service and for general corporate purposes. Our primary source of liquidity is funds generated by operating activities. We also use private and/or public financing as a source of liquidity for short-term working capital needs and general corporate purposes. Our ability to fund our operations, to make planned capital expenditures, to make scheduled debt payments and to repay or refinance indebtedness depends on our future operating performance and cash flows, which are subject to prevailing economic conditions and financial, business and other factors, some of which are beyond our control.

As at December 31, 2018, the Company had $2,237,347 of cash and a working capital deficit (current assets minus current liabilities) of $18,080,364, compared with $925,944 of cash and a working capital deficit of $8,158,634 as of December 31, 2017. The increase of $9,921,730 in our working capital deficit was primarily due to increase of accounts payable due to related parties.

We expect that our cash on hand and cash flows from operations, along with private and/or public financing, will be adequate to meet our capital requirements and operational needs for the next 12 months from the date of this MD&A.

Cash Flows

Cash Used in Operating Activities – Net cash used in operating activities was $130,376 for the year ended December 31, 2018, an increase of $93,609, compared to $36,767 of net cash used in operating activities for the year ended December 31, 2017. The increase in net cash used in operating activities was primarily due an increase in net loss, other non-cash working capital and prepaid expenses, offset by decrease in inventory and accounts payable.

Cash Used in Investing Activities – Net cash used in investing activities was $1,172,948 for the year ended December 31, 2018, a decrease of $74,023, compared to net cash used by investing activities of $1,246,971 for the year ended December 31, 2017. The decrease in net cash used in investing activities was primarily due to lower capital expenditures and additional investment in San Leandro Wellness Solutions, Inc., a new retail location expected to open in 2019.

Cash From Financing Activities – Net cash provided from financing activities was $2,614,727 for the year ended December 31, 2018, an increase of $1,823,556, compared to $791,171 for the year ended December 31, 2017. The increase in net cash provided by financing activities is primarily attributable to an increase in related party net borrowings.

Off-Balance Sheet Arrangements

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

Related Party Transactions

The Company considers the shareholders, members of management, and members of their immediate families, and entities under common control to be related parties to the Company. Transactions with related parties are entered into in the normal course of business and are measured at the amount established and agreed to by the parties.

NOTES PAYABLE – RELATED PARTY

On December 25, 2017, the Company purchased 50% of the authorized and issued common shares of SLWS from FLRish. The purchase price of the common shares of SLWS was $3,055,000. The purchase was satisfied in full by a note payable to FLRish. All principal and accrued interest totaling $3,584,598 are payable in a balloon payment due December 25, 2025.

At December 31, 2017, the note had a net discount of $2,161,302 and outstanding principle amount of $3,055,000. At December 31, 2018, the note had net discount of $1,890,570 and outstanding principle balance of $2,729,231.

The Company has a note payable due to FLRish for costs incurred to assist it in developing a cultivation facility. At December 31, 2018 and 2017, the not had outstanding principal balances of $0 and $1,000,075, respectively.

The Company has a note payable to FLRish, for a principle amount of $4,000,000, bearing an interest rate of 12%. All principal and accrued interest is payable in a balloon payment due October 29, 2019. At December 31, 2018, the note had principal outstanding of $4,000,000, accrued interest of $57,400.

CONTRACT SERVICES REVENUE – RELATED PARTY

In September 2016, the Company entered into a service contract with Savature, Inc. ("Savature"), a wholly owned subsidiary of FLRish. The Company and Savature share key management personnel. Savature provides cultivation and management services to the Compan. The contract has a six-year term and automatically renews for an additional five-year term unless the parties mutually agree not to extend the term. The contract calls for the Company to reimburse Savature for all expenses related to the services rendered plus 20%. For the years ended December 31, 2018 and 2017, Savature billed the Company $11,177,813 and $7,880,698, respectively, for contract services rendered. At December 31, 2018 and 2017, the Company had amounts due to Savature of $17,605,872 and $538,259, respectively.

In July 2016, the Company entered into a service contract with a related party, FLRish Retail Management & Security Services, LLC ("RMCO"). RMCO and the Company share key management personnel. RMCO provides contract services to PMACC (Note 20). Contract service fees are equal to 15% of the Company's gross revenues and are payable monthly. The RMCO contract has a term of five years and shall renew automatically for two additional five-year periods, unless, on or before the date of renewal, the parties determine that the agreements shall not renew. For the years ended December 31, 2018 and 2017, RMCO billed the Company $5,757,731 and $6,801,312, respectively, for services rendered. At December 31, 2018 and 2017, the Company had amounts due to RMCO of $4,541,698 and $538,259, respectively.

FACILITY LEASES – RELATED PARTY

The Company leases its cultivation facility, consisting of land, buildings, and improvements, located at 26889 Encinal Road, Salinas, California from Savature, a related party. The lease agreement commenced on September 15, 2016 with a six-year term subject to an automatic five-year extension. The Company may elect out of the automatic extension by providing notice at least three months, but no earlier than six months, prior to the expiration of the initial term.

The lease calls for escalating monthly rent amounts ranging from $185,895 to $801,550. For the years ended December 31, 2018 and 2017, total rent expense for the Farm was $4,397,275 and $2,086,866, respectively. Future minimum lease payments due under the lease are as follows:

Year Ending December 31st	Amount
2019	$ 8,764,220
2020	9,288,630
2021	9,520,850
2022	4,007,750
2023	0
	$ 31,581,450

CHANGES IN OR ADOPTION OF ACCOUNTING PRACTICIES

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 16 – Leases

In January 2016, the IASB issued IFRS 16, *Leases*, which will replace IAS 17, *Leases*. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard will be effective for annual periods beginning on or after January 1, 2019, with earlier application permitted for entities that apply IFRS 15, *Revenue from Contracts with Customers*, at or before the date of initial adoption of IFRS 16. The Company is assessing the potential impact of IFRS 16 on its consolidated financial statements.

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial Instruments

The Company's financial instruments consist of cash, accounts receivable, notes receivables, deposits, accounts payable and accrued liabilities; and note payables and accrued interest.

Risk Management

The Company is exposed to varying degrees to a variety of financial instrument related risks. The Board mitigates these risks by assessing, monitoring, and approving the Company's risk management process.

Market Risk

Strategic and operational risks arise if the Company fails to carry out business operations and/or to raise sufficient equity and/or debt financing. These strategic opportunities or threats arise from a range of factors that might include changing economic and political circumstances and regulatory approvals and competitor actions. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.

Asset Forfeiture Risk

Because the cannabis industry remains illegal under U.S. federal law, any property owned by participants in the cannabis industry which are either used in the course of conducting such business, or are the proceeds of such business, could be subject to seizure by law enforcement and subsequent civil asset forfeiture. Even if the owner of the property were never charged with a crime, the property in question could still be seized and subject to an administrative proceeding by which, with minimal due process, it could be subject to forfeiture.

Banking Risk

Notwithstanding that a majority of states have legalized medical marijuana, there has been no change in U.S. federal banking laws related to the deposit and holding of funds derived from activities related to the marijuana industry. Given that U.S. federal law provides that the production and possession of cannabis is illegal, there is a strong argument that banks cannot accept for deposit funds from businesses involved with the marijuana industry.

Consequently, businesses involved in the marijuana industry often have difficulty accessing the U.S. banking system and traditional financing sources. The inability to open bank accounts with certain institutions may make it difficult to operate the businesses of the clients and leaves their cash holdings vulnerable.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not subject to any interest rate volatility as its notes payable and convertible notes are carried at a fixed interest rate throughout their term.

Capital Structure Risk Management

The Company considers its capital structure to include debt financing, contributed capital, accumulated deficit, non-controlling interests and any other component of stockholders' equity. The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, to meet its capital expenditures for its continued operations, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company manages its capital structure and adjusts it as appropriate given changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new stock, issue new debt, or acquire or dispose of assets. The Company is not subject to externally imposed capital requirements. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no changes to the Company's capital management approach during the year ended December 31, 2017.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's accounts receivable and promissory note receivable.

At December 31, 2018 and 2017, the carrying amount of cash was $2,237,347 and $925,944, respectively, and accounts receivable was $643,303 and $235,831, respectively, represent the maximum exposure to credit risk.

The Company's credit risk is primarily attributable to its accounts receivable. The amounts disclosed in the consolidated statement of financial position are net of allowance for doubtful accounts, estimated by the management of the Company based on its assessment of the current economic environment.

The Company does not significant exposure to any individual customer. The Company has estimated bad debts of $0 and $0 at December 31, 2018 and 2017, respectively.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by reviewing on an ongoing basis its capital requirements. At December 31, 2018 and 2017, the Company had cash of $2,237,347 and $925,944, respectively, and working deficit of $18,080,364 and $8,158,634, respectively.