NATURALLY SPLENDID ENTERPRISES LTD.

FORM 51-102F1
MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2014

The following discussion and analysis should be read in conjunction with the unaudited condensed consolidated interim financial statements of Naturally Splendid Enterprises Ltd. (the "Company" or "Naturally Splendid") for the nine month period ended September 30, 2014 and the related notes thereto, and the audited consolidated financial statements for the years ended December 31, 2013 and 2012, and the related notes thereto.

This management discussion and analysis is dated November 27, 2014 and is in respect of the nine month period ended September 30, 2014.

OVERVIEW

Naturally Splendid is in the business of distributing hemp-based health products across Canada.

Historically, the Company focused on the distribution of hemp based products in British Columbia and Alberta. During the previous six months, the Company signed with two national distributors in addition to its regional distributors, expanding its marketing and distribution across Canada. The Company also signed an agreement with a Canadian based distributor for its products in the United States.

The Company was incorporated as Race Capital Corp. on December 21, 2010 as a capital pool company ("CPC") as defined by Policy 2.4 of the TSX Venture Exchange (the "Exchange"). On August 10, 2011, Race completed its initial public offering. The common shares were listed for trading on the Exchange under the symbol "RCE.P" on August 15, 2011. On March 7, 2013 Race, having completed its Qualifying Transaction with Naturally Splendid Enterprises Ltd. ("NS"), started trading on the Exchange under the symbol "NSP". As a result of the Qualifying Transaction, the former shareholders of NS owned in excess of 50% of the outstanding shares of the amalgamated entity. For accounting purposes NS is considered to be the accounting acquirer and therefore, the corporate merger has been accounted for similar to a reverse takeover. For financial reporting purposes, the Company is considered a continuation of NS, a legal subsidiary, except with regard to authorized and issued share capital which is that of the Race, the legal parent. Consequently comparative amounts in the financial statements and this MD&A are those of NS unless otherwise noted.

On February 5, 2014 the Company listed on the Frankfurt Stock Exchange under the symbol "50N".

On July 16, 2014 the Company was quoted on the US OTCQB board under the symbol "NSPDF".

On July 22, 2014, the Company announced the formation of a new Colorado subsidiary, Naturally Splendid USA Ltd. The new subsidiary is intended to facilitate the development of markets for the Company's products and licensed technologies in the United States. See "New Products" below.

On October 1, 2014 the Company announced the results of its Annual General Meeting, where all existing directors and officers were reappointed. Mr. Bryan Carson, the VP Operations of the Company was also appointed as a director at the AGM held September 30, 2014.

On October 20, 2014 the Company announced that Charles R. Brink had been appointed as the President of Naturally Splendid USA Ltd. Mr. Brink is also the Chairman of Boreal Technologies Inc., and Managing Director of Full Spectrum Laboratories Ltd., two companies with which Naturally Splendid has contractual relationships.

Retail Products

Naturally Splendid distributes the following hemp-based food products under the NATERA™ brand:

- **Premium Shelled Hemp Seed.** Naturally Splendid Premium Shelled Hemp Seeds are a versatile, superfood that can be consumed on its own as a snack or meal replacement, or can be added to recipes to enhance taste and improve dietary profiles.

- **Premium Hemp Protein Powder and Flavoured Protein Powders.** Naturally Splendid Premium Hemp Protein Powder is easily digestible and an excellent source of protein. It can replace all other protein sources and is packed with live enzymes, EFA's, EAA's, vitamins and minerals. Hemp Protein Powder complements any juice or smoothie and is ideal for vegans and vegetarians. Naturally Splendid has also developed chocolate, berry and vanilla flavoured proteins.

- **Hemp Seed Snack Packs**. Naturally Splendid has developed and launched flavoured hemp seed snack packs in natural, maple and Himalayan pink salt flavours.

Naturally Splendid is continuing to develop additional products. These products include:

- **Natural Superfood Cereals**. Naturally Splendid plans to introduce a line of healthy cereals including hemp and other superfoods. The Company anticipates that these new products will be launced in 2015. The Company had originally intended to introduce this product in 2014, but other commitments resulted in a decision to delay this new product line.

- **Energy Bars**. Naturally Splendid is developing a hemp-based nutritional bar containing hemp, fruit and nuts. Naturally Splendid intends to have the first energy bars launched in 2015. The Company had originally intended to introduce this product in 2014, but other commitments resulted in a decision to delay this new product line.

See "New Products" below.

All NATERA™ brand products meet NON-GMO Project Certification requirements for both Canada and the United States. The certified products are listed on the NON-GMO project website at http://www.nongmoproject.org/find-non-gmo/search-participating-products/search/?brandId=789
Naturally Splendid is also an official member of the Canada Brand Program.

Powdered Plant Based Omega Oils

Naturally Splendid, in conjunction with Boreal Technologies Inc. (formerly Canadian Medical Hemp) ("Boreal"), investigated a process to commercialize and market powdered plant based omega oils including hemp oil. Unlike powdered hemp protein, powdered hemp seed oil contains all of hemp's omega 3 and 6 essential fatty acids. As a result, it provides an alternative to flax, evening primrose, borage and fish oils.

In September 2012, Naturally Splendid and Boreal, in conjunction with funding from the Canadian National Research Council ("NRC") conducted a study to investigate the process of producing and marketing powdered hemp seed oil. Boreal completed the study on March 31, 2013.On November 30, 2012, Naturally Splendid entered into a contribution agreement with NRC for a commercial scale production study.

On May 15, 2013 the Company announced the signing of a sales agreement with Boreal. On November 13, 2013 the Company announced it had entered into a new Exclusive Sales Agreement with Boreal to market and distribute, replacing the previous agreement. The revised agreement grants the Company access to the full complement of patent pending, plant based omega products created by Boreal at the University of British Columbia on an exclusive basis in Canada and the United States. The products covered in this Exclusive Sales Agreement have been expanded from HempOmega™ and H2Omega™ to now include FlaxOmega™, CanolaOmega™, ChiaOmega™, plant based omega products created from flax, canola and chia. These novel products utilize the same microencapsulation and liposome technologies as HempOmega™ and will also be available in both the powder format and an aqueous solution for increased flexibility in ingredient applications and/or stand-alone products.

Naturally Splendid anticipates that it will add HempOmega™ to its products, including flavored proteins, natural superfood cereals, snack packs and energy bars, to provide them with omega 3 and 6 essential fatty acids. In addition, Naturally Splendid intends to market HempOmega™ as an ingredient to be added to existing commercial products not belonging to Naturally Splendid. Research indicates a significant commercial opportunity in the dairy market and in specific areas such as senior and infant markets and sports nutrition.

On March 11, 2014, the Company announced that Boreal had completed the first pilot scale production run of HempOmega™. The successful completion of this production run allows the Company to now offer commercial sized production quantities. The Company is now also able to start development of additional retail products which will utilize HempOmega™ to compete in the omega nutrition marketplace.

On July 30, 2014, the Company announced that it had ordered the first shipment of HempOmega™. Subsequently, one metric tonne of HempOmega™ was received and, as of the date of this report, is being evaluated by the Company and various third parties as a commercially produced ingredient. This is a necessary step as it demonstrates commercial production of the product in quantities that would meet the needs of potential purchasers.

On September 4, 2014 the Company announced the results of a poultry study conducted at the University of Manitoba, where an increase of 637% in natural omega content as achieved from chickens that consumed HempOmega™ in their feed compared to a current commercial feed product.

On September 11, 2014, the Company announced a service agreement with the Alberta provincial government's Agriculture and Rural Development's Food and Bio Processing Division to determine the efficacy and nutritional benefits of incorporating HempOmega™ in proprietary, private label and ingredient products for the pet food industry.

New Products

During the quarter, and subsequent to the quarter end, the Company announced its interest in hemp based cannabinoid technologies, including water soluble technologies. The intent of the Company is to launch a commercially ready suite of hemp based cannabinoid formulated nutraceutical products in the United States in 2015 through its new subsidiary, Naturally Splendid USA Ltd.

The Company will market these products only in jurisdictions where such products are legally permitted and in accordance with all regulatory and licensing requirements. Accordingly, the Company will not be marketing these products in Canada unless and until permitted by law, and will comply with any and all applicable regulatory and licensing requirements which may be required at the time such products are permitted.

On November 20, 2014, the Company announced that Naturally Splendid USA Ltd., its wholly owned subsidiary, Naturally Splendid USA, had entered into a Novation Agreement with Full Spectrum Laboratories Limited ("FSL"), Boreal Technologies, Inc. ("Boreal") and Naturally Splendid whereby Boreal has agreed to assign, and Naturally Splendid USA has agreed to assume, all rights, title and interest in and to a Restated and Amended License Agreement between FSL and Boreal (the "License Agreement").

Under the terms of the Novation Agreement, Naturally Splendid USA has agreed to pay CAD $725,000 to Boreal and Naturally Splendid has agreed to issue to Full Spectrum Partners, LLLP (an entity controlled by FSL) such number of common shares of Naturally Splendid equal to CAD $1,025,000 divided by the greater of (i) CAD $0.35, or (ii) a 20% premium above the closing price on closing of the transaction.

On closing of the Novation Agreement, Naturally Splendid USA will be the licensee under the License Agreement. The License Agreement provides that the licensee has a worldwide license to manufacture, commercialize and sell products based on the follow proprietary technology of Full Spectrum:

(a) on an exclusive basis, (i) the terpene, hemp oil and cannabinoid formulation technology, (ii) the omega formulation technology, (ii) protein formulation technology, (iv) the cannabinoid technology, and the (v) the tongkat ali formulations; and

(b) on a non-exclusive basis, (i) the Supercritical CO2 and plant oil extraction technology, (ii) genetic plant and artificial seed technology, (iii) biosynthesis of cannabinoids, and (iv) microencapsulation of cannabinoid oils.

(the "License")

In consideration of the License, the licensee will be required to pay to FSL a 4.5% gross revenue royalty. Commencing on November 17, 2016 and each year thereafter, the licensee will be obligated to pay a minimum gross revenue royalty of USD $1.6 million. Notwithstanding the foregoing, no royalties will be payable to FSL on the first CAD $1,750,000 of royalties payable under the License Agreement.

The Novation Agreement is subject to a number of conditions including acceptance of the above transaction by the TSX Venture Exchange and Naturally Splendid completing a minimum financing of CAD

$1,500,000. In the event that the transaction does not close by December 15, 2014, the Novation Agreement will be terminated and be of no further force or effect.

On November 27, 2014, the Company announced a proposed private placement offering of up to 6,000,000 units (the "Units") at a price of $0.25 per Unit for gross proceeds of $1,500,000 (the "Offering"). Each Unit will be comprised of one common share of Naturally Splendid and one-half of one common share purchase warrant ("Warrant"), with each whole Warrant entitling the holder to purchase one additional common share at $0.40 per share for a period of two years from the date of the issue. Naturally Splendid will have the right to accelerate the expiry date of the Warrants if, at any time, the average closing price of Naturally Splendid's common shares is equal to or greater than $0.50 for 10 consecutive trading days. In the event of acceleration, the expiry date will be accelerated to a date that is 30 days after Naturally Splendid issues a news release announcing that it has elected to exercise this acceleration right. Subject to TSX Venture Exchange approval, Naturally Splendid may pay finders a fee consisting of cash and warrants from the proceeds of the proposed Offering.

Proceeds of the Offering will be used to satisfy the $725,000 payment under the novation agreement with Full Spectrum Laboratories Ltd. ("FSL") and Boreal Technologies Inc. ("Boreal"), product development as well as for general working capital and corporate purposes.

Closing of the proposed Offering is subject to a number of conditions, including receipt of all necessary corporate and regulatory approvals, including approval of the TSX Venture Exchange.

Branding and Marketing

The number of competitors and the degree of competition within the North American food industry varies greatly by product segment and region. In the hemp food industry, there are a limited number of competitors. These competitors offer a similar range of products as Naturally Splendid.

During 2013 the Company engaged a creative branding and marketing agency to review the Naturally Splendid retail brand, resulting in the rebranded name "NATERA™", for which trademarks were obtained in Canada and the United States. The branding included labels, packaging and marketing materials. A new NATERA™ website and social media campaign was also launched. The official industry launch of NATERA™ and the new products took place on October 3, 2013 at the Canadian Health Food Association (CHFA) East Tradeshow in Toronto, Ontario.

The NATERA™ products line includes flavoured shelled hemp seeds and flavoured hemp proteins. The Company launched Canada's first single serve flavoured shelled hemp seeds with the introduction of Himalayan Pink Salt and Maple flavours, as well as the original natural flavour. In addition, the Company supplemented its natural hemp protein line with flavoured hemp proteins in chocolate, vanilla, and blackberry pomegranate. Management believes these products have superior nutritional and taste profiles as compared to existing products currently available from competitors.

Naturally Splendid continues to work with various distribution channels, as well as direct store sales and an online presence, marketing the NATERA™ brand and product lines across Canada. During 2013 and subsequently, the Company announced the placement of the rebranded NATERA™ line in all of its major vendor stores, as well as the addition of a number of new chains.

In January 2014, the Company announced that Purity Life Health Products LP, a national distributor with exposure to over 7,000 stores, had signed a two year agreement to represent the NATERA™ line across Canada.

In April 2014, the Company announced that a second national food distributor, Planet Foods, agreed to represent the NATERA™ line across Canada. Planet Life began representation at of the NATERA™ line at the CHFA Expo West Tradeshow the second week of April 2014.

On May 7, 2014 the Company announced the signing of a US distributor. Sonray Sales Ltd., a Vancouver based international broker, importer and distributor in the grocery business for over 40 years, will work with the Company to distribute its products in certain selected markets in the US.

On August 7, 2014 the Company announced that Thrifty Foods, a major supermarket chain in British Columbia, would be distributing the Natera product line in all of its stores. In addition to those 26 stores, an additional 100 stores had been added to the network by the various distributors aligned with the Company.

Management continues to explore further distribution possibilities.

As a result of the signing of the distributors noted above, management has observed that product sales are transforming. Quarterly sales in Q2 and Q3 2014, while appearing to be relatively flat, have shifted away from internal sales efforts to individual stores towards distributor based sales and sales to large chain stores. The Company expects this trend to continue into 2015, resulting in increased distributor sales as a percentage of overall sales, increased sales overall and slightly increased pressure on sales margins.

Operations

The Company currently engages outside producers to manufacture and produce its hemp based products. The production process involves manufacturers purchasing hemp seed from farmers they have under contract. Once the product is harvested, it is sent to the various processors for processing into the various hemp products including, shelled hemp seed, hemp protein and hemp oil.

Naturally Splendid then delivers its branding labels to various processors and packagers. Once received, the various processors and co-packers brand the products in accordance with the specifications of Naturally Splendid. Once Naturally Splendid's products have been produced, Naturally Splendid has the products delivered to its office in Burnaby, British Columbia, for direct sales by Naturally Splendid. From there, it is shipped to the various clients.

In developing new hemp based pet food products, Naturally Splendid works with the Alberta Food and Science Technology Center in Brooks, Alberta, which is a division of the Alberta Agriculture and Rural Development, to assist it in product formulation, test batch production and product testing.

During 2013, the Company relocated its operations to a 6,000 square foot facility in Burnaby, BC Canada. The facility is strategically located and provides the Company with all the attributes required to manage the anticipated increased sales and new product lines. On March 3, 2014 the Company announced the completion of its warehouse upgrades. The construction of a packaging facility within the warehouse is now complete, and certain formerly subcontracted packaging is in the process of being brought in-house. The Company anticipates acquiring additional packaging equipment to continue this process, with the intent of enhancing productivity, reducing costs and recapturing margin on certain products.

Naturally Splendid has retained employees and consultants with specialized skill and knowledge of the distribution and marketing of health food products. These employees and consultants have an understanding of the logistical requirements in distributing health food products to food and specialty retailers.

SELECTED ANNUAL INFORMATION

The following table includes information obtained from the audited consolidated financial statements of the Company and from its accounting predecessor which was a private company:

Statements of Loss Data	Year Ended December 31, 2013 (Public Company) ($)	Year Ended December 31, 2012 (Private Company) ($)	Year Ended December 31, 2011 (Private Company) ($)
Total Revenue	132,578	99.660	104,072
Expenses	(2,883,367)	(226,934)	(779,652)
Interest Income	5,722	-	-
Net Loss	(2,745,067)	(127,274)	(675,580)
Basic and Diluted Loss Per Share	(0.11)	(0.01)	(0.06)

Statements of Financial Position Data	As at December 31, 2013 ($)	As at December 31, 2012 ($)	As at December 31, 2011 ($)
Total Assets	830,560	87,008	102,557
Total Liabilities	199,874	257,133	577,308
Total Equity	(630,686)	(170,125)	(474,751)

SUMMARY OF QUARTERLY RESULTS

As a former private company, Naturally Splendid did not prepare quarterly financial statements. Accordingly the information provided is taken from the records of Naturally Splendid until December 31, 2012 and is for the Company, as a combined public entity, as of March 31, 2013 (Q1 – 2013) forward.

Certain comparative information has been restated to reflect the presentation in the financial statements for the current period. All periods listed below were prepared in accordance with International Financial Reporting Standards and are expressed in Canadian dollars.

	Three months ended			
Canadian $ - IFRS	**September 30, 2014**	**June 30, 2014**	**March 31, 2014**	**Dec. 31, 2013**
	Q3 -2014	Q2 -2014	Q1 - 2014	Q4 - 2013
Total Revenue	66,232	68,056	71,675	55,800
Gross Margin (loss)	(11,254)	27,497	13,710	(332)
Loss (income) from operations	556,679	370,753	474,640	326,806
Loss & Comprehensive Loss	529,721	377,756	474,295	326,721
Basic and diluted loss per share	0.015	0.01	0.02	0.01

	Three months ended			
Canadian $ - IFRS	**September 30, 2013**	**June 30, 2013**	**March 31, 2013**	**Dec. 31, 2012**
	Q3 - 2013	Q2 - 2013	Q1 - 2013	Q4 - 2012
Total Revenue	17,366	43,421	15,991	22,349
Gross Margin	6,962	13,838	4,200	9,327
Loss from operations	414,847	285,494	395,777	168,509
Loss & Comprehensive Loss	410,764	275,056	1,732,526	206,429
Basic and diluted loss per share	0.02	0.01	0.09	N/A

The results of most quarters are comparable. Q2 of 2013 reflects the first full quarter of operations as a public company, with increased expenses related to being public.

DISCUSSION OF OPERATIONS

The year ended December 31, 2013 includes the first ten months that the Company was a publicly listed amalgamated entity. As such there are certain expenses incurred in the period which were not incurred by the Company in its past, private operations. As well, certain comparative information for the private company was not available or not relevant. Accordingly, a direct comparison between the three month periods ended March 31, 2014 and 2013 may not be relevant.

Revenue

Revenue during the three and nine month period ended September 30, 2014 was $66,232 and $205,963 respectively (2013: $17,366 and $76,778). The Company believes this increase reflects continued growth in the Natera product line year over year, with national distribution now starting to have an impact on sales, albeit with a resulting transformation of sales from individual stores to large chains and distributor based sales. The Company expects to return to increased sales as these transitional issues are resolved and distributors achieve higher market penetrations.

Costs of Sales and Gross Profit

Cost of Sales was $77,486 and $176,010 for the three and nine month periods, compared to 2013 at $10,404 and $51,778. This reflects the higher quantity of product sold in the current period compared to the comparable period last year.

Accordingly, gross profit was a loss of $11,254 and profit of $29,953 compared to 2013 results of $6,962 and $25,000. Management believes that sales and sales margins were adversely impact by increased pressure on sales margins due to incentives given to distributors to move products into new markets, as well as rising costs of product inputs during the current quarter.

Selling and Distribution Expenses

Commencing with the qualifying transaction and going public, the Company decided to report expenses in the categories of selling and distribution expenses and administrative expenses. Previously, this distinction was not reflected in the accounts of the former private company. Management believes that this distinction will allow for a clearer assessment of the cost of sales and operations as opposed to public company administration which imposes significant expenses not previously incurred as a private company. As a result certain private company expenses have been reclassified.

Selling and Distribution Expenses were $55,166 and $149,826 respectively, compared to 2013 at $195,896 and $319,151. The major difference this year is that net product development costs are lower at $7,843 year to date as opposed to $83,120 in 2013. Product promotion costs were also down in the period ended September 30th, at $18,186 (2013: $143,076) and during the nine month period ($76,728 as opposed to $179,652 in 2013). This reflects a transition away from trade shows and product giveaways to potential distributors and customers towards price promotions on sales to distributors. Overall, management views this as a positive trend which will result in greater sales and economies of scale in the future. A bad debt expense of $11,720 was recognized this quarter as a result of collection issues with a number of small individual stores over the current fiscal year. The Company intends to actively pursue these debtors, but provided an allowance to reflect possible write offs.

Administrative Expenses

Administrative expenses were significantly higher during the quarter as a result of certain specific and unlikely to repeat activities:

Accounting and audit fees were $12,780 and $81,683 for the three and nine month periods ended September 30, 2014, compared to $7,980 and $49,142 for 2013. This reflects the increased cost of audits for a public company with active operations.

Amortization of $8,272 and $21,875 (2013: $5,262 and $11,176) reflects the increase in assets of the company over the last year, specifically with respect to warehouse and packaging room equipment and leasehold improvements due to the Company's new facilities since mid 2013;

Consulting fees of $99,675 and $120,675 (2013: $25,134 and $74,634) as a result of the expenses incurred to obtain the US OTCBB quotation and activities related to that achievement;

Directors fees of $nil (2013: $9,000 and $21,000) were incurred as a public company during the formative year, which are not currently being incurred;

Legal fees of $32,292 and $63,809 (2013: $10,371 and $31,908) are as a result of the expense of operating a public company, the acquisition of licenses and technologies, and the OTCBB quotation;

Management fees reflect the cost of being a public company. During the three and nine month periods $66,000 and $198,000 (2013: $49500 and $108,000) was paid to management. This includes an expansion of management from two individuals to three, as required to meet the needs of a growing public company, as well as the non-payment and cancellation of certain management fees during the first quarter of 2013;

Office and general of $82,937 and $188,215 (2013: $45,301 and $82,379) reflects the cost of the new warehouse premises, the addition of administrative staff, and generally an increase in costs as both a public company and as a company engaged in aggressively growing its operations;

Promotion increased to $104,940 and $287,252 (2013 $56,432 and $103,249) as the company is now actively and aggressively working to promote both the product and the public company to potential investors and analysts. Most of the existing promotional activities were increased during the quarter as a result of the OTCBB quotation, but have now been reduced or have not been renewed. Management expects these expenses to return to earlier levels of expenditure in the next few quarters;

Share based payments of $nil and $201,351 (2013: $nil and $239,220) represent the estimated cost of the issuance of stock options earlier in the year. The amount of expense is determined by the number of options issued in the period as well as the market price of the Company's shares, among other factors;

Transfer agent and filing fees of $71,548 and $101,042 (2013: $7,083 and $53,111) reflect the OTCBB quotation, which incurred significant fees, and the holding of an AGM during the quarter;

A gain of $25,626 during the quarter (2013 $nil) resulted from the renegotiation of certain third party accounts payable for services rendered and expense in previous quarters.

Cash flows for the nine month period ended September 30, 2014 was an increase of $148,637 (2013:$ 257,620), both increases being as a result of the issuance of common shares.

As a result of the most recent issuance of common shares, the financial condition of the Company has improved compared to the last year end. As of September 30, 2014 the Company had cash and cash equivalents of $338,304 (December 31, 2013: $189,667) and working capital of $728,321 (December 31, 2013: $505,833). Accounts payable were reduced to $75,165 from $196,199 at year end.

Other Items

The most significant item in Q1 2013 was a Listing Expense of $1,329,938. As of September 30, 2013 that had decreased by $1,288 to $1,328,650. This was a one-time charge incurred as a result of the requirements under IFRS for recording the qualifying transaction, representing the excess of consideration paid over net tangible assets acquired, plus various costs of the transaction. There is no comparable expense in the current year.

Naturally Splendid anticipates that its revenues will continue to grow in subsequent years due to the introduction of new product lines and increased demand in products resulting from Naturally Splendid's engagement of additional food distributors and brokers to market and distribute its products across Canada and certain selected markets in the United States. The Company also expects that expenses will normalize in certain areas, and will increase in the areas of product promotion and selling expenses as further product lines are launched.

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2014, the Company had cash and cash equivalents of $338,304 and working capital of $728,321 compared with cash of $189,667 and a working capital of $505,833 as at December 31, 2013.

The increase in cash and working capital is due to a private placement completed during the period.
During the second quarter the Company completed a private placement financing by issuing a total of 6,843,500 units ("Units") at $0.20 per Unit for gross proceeds of $1,368,700. Each Unit was comprised of one common share of the Company and one-half of one common share purchase warrant (each whole share purchase warrant a "Warrant"), with each whole Warrant entitling the holder to purchase one additional common share at $0.30 per share for a period of two years from the date of the issue. The Company has the right to accelerate the expiry date of the Warrants if, at any time, the average closing price of the Company's common shares is equal to, or greater than $0.40 for 10 consecutive trading days. In the event of acceleration, the expiry date will be accelerated to a date that is 30 days after the Company issues a news release announcing that it has elected to exercise this acceleration right. In connection with the proceeds raised under the financing, the Company paid finders cash commissions totaling $102,331 and issued finders 382,650 non-transferable warrants. Each finder's warrant is exercisable on the same terms as the

Warrants described above. The securities issued under the financing were subject to a hold period which expired on August 26, 2014 pursuant to applicable Canadian securities laws and the rules of the TSX Venture Exchange**.**

During the nine month period ended September 30, 2014, the Company issued 424,394 shares pursuant to the exercise of 424,394 warrants at various prices, for proceeds of $78,619.

During the third quarter, 500,000 common shares were issued for gross proceeds of $87,500 upon the exercise of 500,000 stock options at a price of $0.175.

The Company's future capital requirements will depend upon many factors including, without limitation, consumer demand, raw material supply and prices and costs of sales. Since the Company expects to generate limited revenues from operations in the near future, it must continue to rely upon the sale of its equity and debt securities to raise capital, which would result in further dilution to the shareholders. There is no assurance that financing, whether debt or equity, will be available to the Company in the amount required by it at any particular time or for any period and that such financing can be obtained on terms satisfactory to it or at all.

OFF BALANCE SHEET ARRANGEMENTS

The Company has not engaged in off-balance sheet arrangements.

TRANSACTIONS BETWEEN RELATED PARTIES

The Company's related parties consist of companies controlled by executive officers and directors. Transactions and balances in the normal course of operations in connection with those companies and key management personnel are as follows:

	Sept. 30, 2014	December 31, 2013
Due to officers and directors	$ -	$ 3,675
	$ -	$ 3,675

Amounts due to/from related parties are non-interest-bearing, unsecured and have no fixed terms of repayment.

The remuneration of directors and other members of key management were as follows:

	Sept. 30, 2014 $	March 31, 2013 $
Management fees	198,000	58,500
Directors fees	-	12,000
Consulting fees	31,500	-
Share-based payments	201,351	239,220
	430,851	309,720

Key management personnel were not paid post-employment benefits, termination benefits or other long-term benefits during the period or the year ended December 31, 2013.

CHANGES IN ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

The Company has adopted new accounting standards effective January 1, 2014. Please refer to note 3 in the condensed consolidated interim financial statements for the nine month period ended September 30, 2014.

FINANCIAL INSTRUMENTS

Categories of financial instruments

	Sept. 30, 2014 $	December 31, 2013 $
FINANCIAL ASSETS		
Fair value through profit or loss, at fair value		
Cash	338,304	189,667
Loans and receivables, at amortized cost		
Trade and other receivables	63,538	92,018
Deposit	40,000	40,000
Restricted cash	17,310	17,368
Total financial assets	476,604	339,053
FINANCIAL LIABILITIES		
Other liabilities, at amortized cost		
Trade and other payables	75,165	196,199
Due to related parties	-	3,675
Total financial liabilities	75,165	199,874

Fair value

The fair value of financial assets and financial liabilities at amortized cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions. The Company considers the carrying amounts of all its financial assets and financial liabilities recognized at amortized cost in these condensed consolidated interim financial statements to approximate their fair values due to the short-term maturity of these instruments.

Management of financial risks

The Company examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of these risks. These risks arise from the normal course of operations and all transactions undertaken are to support the Company’s ability to continue as a going concern. Management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below.

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.

Financial instruments that potentially subject the Company to credit risk consist of cash and trade receivables. The Company deposits cash with major Canadian commercial banks. In order to reduce its credit risk in relation to trade receivables, the Company has adopted credit policies that include the analysis of the financial position of its customers and the regular review of their respective credit limits.

Liquidity risk
Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they become due.

The Company is reliant upon equity issuances and loans as its main sources of cash. The Company manages liquidity risk by maintaining an adequate level of cash to meet its ongoing obligations. The Company continuously reviews its actual expenditures, forecasts cash flows and matches the maturity dates of its cash to capital and operating needs.

The Company has been successful in raising financing in the past; however, there is no assurance that it will be able to do so in the future. As at September 30, 2014, the Company had working capital of $728,321 (December 31, 2013 - $505,833).

Other risk
Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or other risk.

The Company does not hold or issue financial instruments for trading purposes, nor does it utilize derivative instruments in the management of foreign currency, commodity price or interest rate market risks.

OUTSTANDING SHARE DATA

As of the date of this management discussion and analysis, the following securities of the Company were outstanding:

Type of Security	**Sept. 30, 2014**	**Date of Report**
Issued and outstanding common shares	36,498,999	36,498,999
Warrants exercisable at $0.25 issued under private placement (1)	2,802,654	2,802,654
Agent's warrants exercisable at $0.25 per common share(1)	40,000	40,000
Warrants exercisable at $0.30 issued under private placement (2)	3,421,750	3,421,750
Agent's warrants exercisable at $0.305 per common share(2)	382,650	382,650
Stock options exercisable	2,409,750	2,409,750
Fully diluted shares	45,555,803	45,555,803

Notes:
(1) Each warrant was exercisable at $0.25 per share until November 1, 2015.
(2) Each warrant was exercisable at $0.30 per share until April 28, 2016.

FURTHER INFORMATION

Risk Factors

The reader is cautioned that the Company is subject to a number of risk factors. A detailed description of these is included in the Filing Statement dated February 1, 2013 which is incorporated herein by reference.

Forward Looking Statements

Certain statements contained in this management discussion and analysis constitute "forward-looking statements." These statements, identified by words such as "plan," "anticipate," "believe," "estimate," "should," "expect" and similar expressions include our expectations and objectives regarding our future financial position, operating results and business strategy. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of the Issuer to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, general business, economic, competitive, political and social uncertainties; lack of brand awareness; dependence on consumer taste; reliance on third party suppliers and third party distributors; limited operating history of the Company; market fluctuations; potential product liability claims and retention of key personnel, as well as those factors discussed in the section titled "*Risk Factors*" in the Company's Filing Statement dated February 1, 2013.

Forward looking statements are based on a number of material factors and assumptions, including consumer buying patterns will increase in specialty and grocery stores, economic conditions in Canada will continue to show modest improvement in the near to medium future, the average cost of whole hemp seed will fluctuate in line with historical trends, no material change to competitive environment in the distribution of hemp-based food additives and supplements, the Company will be able to access sufficient qualified staff, there will be no material changes with the Company's larger customers and there will be no material changes to the tax and other regulatory requirements governing the Company. While the Company considers these assumptions may be reasonable based on information currently available to it, these assumptions may prove to be incorrect. Actual results may vary from such forward-looking information for a variety of reasons, including but not limited to risks and uncertainties disclosed in the section titled "*Risk Factors*" in the Company's Filing Statement dated February 1, 2013.

The Company intends to discuss in its quarterly and annual reports any events or circumstances that occurred during the period to which such documents relate that are reasonably likely to cause actual events or circumstances to differ materially from those disclosed in this Filing Statement. New factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of each such factor on our business or the extent to which any factor, or combination of such factors, may cause actual results to differ materially from those contained in any forwarding looking statement.

The Company advises you to carefully review the reports and documents we file from time to time with the applicable securities commissions.

Additional Information relating to the Company can be found on SEDAR at www.sedar.com.