Namaste Technologies Inc.

(Formerly Next Gen Metals Inc.)

Management Discussion and Analysis

May 31, 2016

(Unaudited)

This “Management’s Discussion and Analysis” (“MD&A”) has been prepared as at May 31, 2016, and should be read in conjunction with the condensed consolidated interim financial statements of Namaste Technologies Inc. (the “Company”) for the period from March 1, 2016 to May 31, 2016.

The accompanying MD&A of the Company has been prepared by management to reflect the three-cornered amalgamation of 9558039 Canada Inc. (“Dollinger Canada”), an incorporated entity that was comprised of a vaporizer and accessories division (the “Division”) formerly included in the operations of Dollinger Enterprises USA Inc. (“Dollinger USA”), Next Gen Metals Inc. (“Next Gen”), an incorporated public entity listed on the CSE, and Greenrush Analytical Laboratories Inc. (“Green Rush”), a wholly owned subsidiary of Next Gen. The closing of the transaction occurred on February 26, 2016.

Pursuant to the business combination agreement (the “Agreement”) dated October 30, 2015, and extended and revised on December 15, 2015, and again on February 12, 2016 between Next Gen, Dollinger Enterprises Ltd. (“Dollinger Enterprises”, parent company of Dollinger USA), Dollinger USA, and Green Rush, Next Gen acquired all of the issued and outstanding shares of Dollinger Canada, through a three-cornered amalgamation whereby prior to the Transaction, Dollinger Enterprises transferred all of the shares it held in Dollinger USA (its wholly owned subsidiary) and in Dollinger Enterprises Bahamas Ltd. (its wholly owned subsidiary) to a newly incorporated company, Dollinger Canada. Next Gen then acquire all of the issued and outstanding shares of Dollinger Canada through a three-cornered amalgamation whereby Dollinger Canada and Green Rush amalgamated and the shareholders of Dollinger Canada received post consolidated shares of Next Gen in exchange for their shares of Dollinger Canada (the “Transaction”).

The Company’s consolidated interim financial statements and the notes thereto have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and are reported in Canadian dollars. All financial analysis, data and information set out in this MD&A are unaudited.

MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL REPORTING

MD&A for the Company is the responsibility of management and has been reviewed and approved by its Board of Directors. The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the MD&A.

FORWARD-LOOKING STATEMENTS

This MD&A includes certain forward-looking statements that are based upon current expectations which involve risks and uncertainties associated with the Company’s business and the economic environment in which the business operates. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements, which are often, but not always, identified by the use of words such as “seek”, “anticipate”, “budget”, “plan”, “continue”, “estimate”, “expect”, “forecast”, “may”, “will”, “project”, “predict”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe” and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook. The forward- looking statements are not historical facts, but reflect the Company’s current expectations regarding future results or events. Forward-looking statements contained in this MD&A are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including the matters discussed in the section “Risks and Uncertainties” below.

Specifically, this MD&A includes, but is not limited to, forward-looking statements regarding: management’s goal of creating shareholder value; ability to fund future operating costs, and timing for future research and development of the Company’s current and future technologies; management’s outlook regarding commercialization of its Guru vaporizer; sensitivity analysis on financial instruments that may vary from amounts disclosed; prices and price volatility of the Company’s products; and general business and economic conditions.

Readers are cautioned that the above factors are not exhaustive. Although management has attempted to identify important factors that could cause actual events and results to differ materially from those described in the forward-looking information, there may be other factors that cause events or results to differ from those intended, anticipated or estimated.

Management believes the expectations reflected in the forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct and readers are cautioned not to place undue reliance on forward-looking information contained in this MD&A.

The forward-looking information contained in this MD&A is provided as of the date hereof and management undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as otherwise required by law. All of the forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

DESCRIPTION OF THE BUSINESS

The Company is a publicly traded corporation, incorporated in British Columbia, Canada, with its office located at Suite 1600, 100 King Street West, Toronto, Ontario, Canada M5X 1G5. The Company's primary listing is on the Canadian Securities Exchange, under the trading symbol "N".

Through its wholly-owned subsidiaries, the Company is an international leader in vaporizer and accessories distribution, social media and e-commerce, and product design and manufacturing. The Company has over 30 e-commerce retail stores in 20 countries and offers one of the largest range of brand name vaporizer products on the market. Recognized as a source of information, reviews and social media on vaporizer products, the Company has a unique market perspective and ability design and engineer products that align with the current direction of the market. This includes the Guru™, an enhanced vaporizer capable of seamlessly vaporizing liquids, concentrates and dry herbs from a single portable unit. The Company is currently focused on expanding its product offering, acquisitions and strategic partnerships, and entering new markets globally.

Business Strategy of the Company

Management's business strategy is currently focused on a multi-pronged approach to diversify revenue streams including e-commerce, wholesale distribution, product design and manufacturing, and selective acquisitions. Management believes there is an established and growing consumer demand for its products internationally and has developed strong sales channels in the United Kingdom and Continental Europe. The current expansion focus is as follows:

- **E-Commerce, Social Media**

  Namaste has a competitive advantage in international markets through its established e-commerce presence, logistics and fulfillment capabilities, and best-in-class customer service standards as evidenced by the Company receiving the #1 rating in the online vaporizer category from TrustPilot, a globally recognized and independent customer review portal. Going forward, Namaste will continue to expand its presence through further enhancement of its search engine optimization, online advertising through select channels, and social media campaigns. The Company is currently focused on entering and expanding in key markets including the US and Canada, Mexico, Australia, and Brazil.

- **Design, Manufacturing**

  The Company has completed development and is proceeding with commercialization of its in-house designed proprietary product, the Guru™. This is the first vaporizer to seamlessly provide a solution to vaporize all of dry herbs, concentrates and liquids. The product will be distributed through the Company's e-commerce platform as well as distribution agreements with wholesalers. After this initial launch, the Company also plans on commercializing additional products to expand its propriety portfolio.

- **Wholesale Distribution**

  Namaste has identified an opportunity to further expand into wholesale distribution in international markets and intends to utilize its established infrastructure to provide tangible benefits to select manufacturers. This includes entering into exclusive distribution partnerships with manufacturers for select territories and providing international services including fulfillment and logistics management, inventory control, repair and replacement centers, and multi-lingual customer service support. Management believes as the market potential for vaporizers expands and continues to become mainstream, more manufacturers will seek to expand outside the US. Namaste is ideally positioned to capture this market share with distribution and fulfillment centers located in the US, UK, Australia and Brazil.

- **Industry Consolidation**

  As one of the first true vaporizer and accessories companies to access public capital, the Company has identified multiple opportunities to expand by acquisition. The focus of the Company's acquisition strategy is to identify companies that complement Namaste in terms of financial profile, geographical focus, and product and service offering and enter into transactions that are accretive on a per share basis. Based on management's analysis of the market, the vaporizer and accessory space is fragmented and high growth, which makes the industry ideal for consolidation.

Operational Highlights for the Quarter

- Generated e-commerce revenue of $738,199 and a gross profit of $353,361, a gross profit margin of 47.9%;

- Transitioned from pay-per-click advertising to inbound organic e-commence growth strategies focused on domain authority, best-in-class natural rankings, trust of brand growth, client population expansion, and sales conversion optimization, increasing site traffic and maintaining high conversion ratios. Achieved approximately a 3% conversion ratio over the period;

- Entered binding letter of intent for the acquisition of VaporSeller, an e-commerce platform for the distribution of vaporizers and accessories with an unaudited revenue of US$3.4 million in 2015. Subsequent to the quarter ended May 31, 2016, the Company closed the acquisition on July 15, 2016;

- Launched the development of Snap420, a social media application that's provides community members an exclusive portal to share imagery, messages, reviews and more, and VASTrader, an online community for the vaporizer enthusiasts to buy, trade and sell vaporizers and accessories in a secondary market;

- Placed commercial order quantities for the Guru™, the Company's first proprietary vaporizer capable of seamlessly vaporizing dry herbs, concentrates and liquids. The Company seeded multiple industry critics and distributors with the product and commenced the commercialization process; and

- Generated dozens of reviews on vaporizer products. Further enhanced a collection of Youtube videos and other social media blogs outlining the positives and negatives of the world's top vaporizers.

RESULTS OF OPERATIONS

The Company commenced commercial operations on September 3, 2014. Unless otherwise indicated, all comparisons to the third quarter of fiscal 2016 are based on the period from the commencement of operations through May 31, 2015.

During the period from March 1, 2016 to May 31, 2016, the Company focused its efforts on growing revenues in select markets by implementing inbound organic marketing e-commerce strategies, securing inorganic expansion opportunities including the acquisition of VaporSeller, and commercializing the Guru[tm]. In addition to the forgoing, the Company focused on positioning itself for future growth including the development wholesale relationships and distribution channels and the development of additional web portals to drive e-commerce traffic.

Summary of quarterly operating results and financial position:

The following table sets out selected unaudited quarterly financial information for the quarter and nine month periods ended May 31, 2016 and May 31, 2015.

	For three months ended		***For nine months ended***	
	May 31, 2016 *(note 1)*	*May 31, 2015*	***May 31, 2016*** *(note 1)*	*May 31, 2015*
Sales	**$738,199**	$1,087,256	**$2,611,871**	$3,471,420
Cost of goods sold	**384,838**	627,429	**1,553,717**	1,976,529
Gross profit	**353,361**	459,827	**1,058,154**	1,494,891
Operating expenses				
Advertising and promotion	**34,148**	128,768	**183,926**	418,974
Consulting fees	**72,439**	37,624	**252,591**	220,940
Salaries	**46,481**	56,808	**168,538**	191,812
Share-based compensation	**235,450**	-	**235,450**	-
Bank and credit card fees	**21,238**	68,530	**128,712**	183,755
Professional fees	**39,400**	9,284	**57,914**	26,442
Communications	**80,869**	10,641	**100,190**	33,396
General and administrative	**22,189**	9,622	**44,901**	28,143
Rent and rental services	**6,124**	-	**29,602**	34,051
Shipping	**60,386**	63,967	**128,562**	222,559
Travel and vehicles	**18,857**	534	**67,249**	23,310
Investor relations	**45,561**	-	**45,561**	-
Foreign exchange loss (gain)	**33,713**	(22,528)	**90,712**	(20,390)
Listing costs expensed	**-**	-	**586,346**	-
	716,855	363,250	**2,120,254**	1,362,992
Other income	**-**	-	125,137	-
Earnings (loss) before income taxes	**(363,494)**	96,576	**(936,963)**	131,898
Provision for income taxes (recovery)	**-**	-	**(238,416)**	13,775
Net income (loss)	**$(363,494)**	$96,576	**$(698,547)**	$118,123

Revenue

The Company's revenue for the third quarter ending May 31, 2016 was $738,199 (2015 – $1,087,256), a decline of 32.1% as compared to the three month period ended May 31, 2015. For the nine month period end May 31, 2016, the Company's revenue for the period was $2,611,871 (2015 – $3,471,420), a decline of 25.1% as compared to the nine month period ended May 31, 2015.

This decline in revenue is due to substantially reduced advertising spending during the period and management's focus on the completion of the go-public transaction of the Company. This is attributable to management's transition from advertising using broadly based search engines into lower customer acquisition cost methods including the generation of specialized digital leads through search engine optimization. Based on this transition, management anticipates revenue to steadily increase as the Company invests in further expanding its established e-commerce platform, enters into wholesale arrangements and commercializes proprietary products.

The majority of revenue was generated by several key markets, including the United Kingdom and Brazil, which accounted for 50.4% of total revenue.

The table below summarizes the Company's revenue by country:

	Three Months ended May 31, 2016	***Country Percentage of Total Revenue***	***Three Months ended May 31, 2015***	***Country Percentage of Total Revenue***
Revenue from external customers				
UK	298,384	40.42%	511,110	47.01%
Brazil	73,432	9.95%	67	0.01%
Australia	56,715	7.68%	116,545	10.72%
New Zealand	51,274	6.95%	60,022	5.52%
Germany	35,657	4.83%	141,633	13.03%
US	35,037	4.75%	9,590	0.88%
Israel	26,508	3.59%	-	-
Italy	20,668	2.80%	19,475	1.79%
Spain	19,617	2.66%	23,424	2.15%
Sweden	15,677	2.12%	43,996	4.05%
Ireland	15,271	2.07%	29,184	2.68%
Canada	14,816	2.01%	5,283	0.49%
Netherlands	11,734	1.59%	54,579	5.02%
Mexico	10,117	1.37%	-	-
France	9,189	1.24%	36,659	3.37%
Austria	5,494	0.74%	20,731	1.91%
Other	38,609	5.23%	14,957	1.38%
Total	**738,199**	**100.0%**	**1,087,256**	**100.0%**

<u>Cost of Sales</u>

Cost of sales includes all expenditures to purchase the product and ship products to warehouse locations. This includes the purchase price less any discounts, import duties, shipment fees, storage and insurance. The Company uses the weighted average method to track and cost inventory items. The inventory consists of vaporizers, vaporizer accessories, and therapeutic herbs. The inventory consists solely of goods currently available for sale and does not include any unfinished goods or work-in-progress.

The Company's cost of sales for the period from March 1, 2016 to May 31, 2016 were $384,838 (2015 – $627,429), which resulted in a gross margin of $353,361 (2015 – $459,827). For the nine month period end May 31, 2016, the Company's gross margin was $1,058,154 (2015 – $1,494,891). The gross margin generated by the Company is due to the mark-up of products sold to retail customers compared to the cost of securing the products from wholesale distributors and manufactures.

Operating Expenses

Advertising and promotion expenses for the third quarter ending May 31, 2016 were $34,148 (2015 – $128,768). These expenditures relate to online search services as well as other online promotional and social media tools utilized by the Company to generate sales. These costs further represent the Company's significant investment into search engine optimization and its ongoing customer acquisition strategy. During the three month period ended May 31, 2016, the Company reduced advertising spending with select search engine providers and focused on search engine optimization as the means to generate organic revenue streams.

Consulting fees for the third quarter ending May 31, 2016 were $72,439 (2015 – $37,624). These expenditures relate to compensation amounts paid to various companies and individuals for marketing and distribution services, customer service activities, and product development and research.

Salaries for the third quarter ending May 31, 2016 were $46,481 (2015 – $56,808). These expenditures relate to management and administrative salaries in support of the operations of the Company, managing fulfillment and procurement, and general operating activities.

Stock-based compensation for the third quarter ending May 31, 2016 were $235,450 (2015 – $Nil). These expenditures relate to share and option based compensation to officers, directors, employees and consultants of the Company.

Bank and credit card fees for the third quarter ending May 31, 2016 were $21,238 (2015 – $68,530). These expenditures include service and transaction fees to PayPal, Amex and commercial banks for processing incoming and outgoing orders from customers, suppliers and service providers, foreign transaction fees, and other bank service charges.

Communication expenses for the third quarter ending May 31, 2016 were $80,869 (2015 – $10,641). These expenditures relate to phone, internet and computer expenses.

General and administrative expenses for the third quarter ending May 31, 2016 were $22,189 (2015 – $9,622). These expenditures relate to office supplies, licensing fees and other general operating expenses.

Rent and rental services for the third quarter ending May 31, 2016 were $6,124 (2015 – $Nil). These expenditures relate to the Company's share of costs associated with the leasing of office space, janitorial services and utilities.

Shipping expenses for the third quarter ending May 31, 2016 were $60,386 (2015 – $63,967). These expenditures relate to the Company's cost of sending products to end customers.

Travel and vehicles for the third quarter ending May 31, 2016 were $18,857 (2015 – $534). These expenditures relate to costs associated with airfare, meals, fuel and other travel and vehicle related expenses.

Foreign exchange gain for the third quarter ending May 31, 2016 were $33,713 (2015 – $(22,528)) due to the conversion of the operations at the average exchange rate for the period.

Investor relations for the third quarter ending May 31, 2016 were $45,561 (2015 – $Nil). These expenditures relate to costs associated with attracting public market investors to the Company.

Summary of Financial Position and Liquidity:

Financing

During the first quarter ending February 29, 2016, the Company secured $1,213,975 of equity capital (before deduction for transaction financing expenses) pursuant to the completion of its three-corner amalgamation with Next Gen.

Pursuant to the terms of the transaction between the Dollinger Canada and Next Gen, Next Gen issued 3.6 million subscription receipts at a price of $0.10 per subscription receipt for a total of gross proceeds of $360,000. Each subscription receipt automatically converted, for no additional consideration, into 3.6 million units of the Company upon the closing of the transaction with Next Gen, which occurred on February 26, 2016. Each unit consisted of one common share of the Company and one-half of one common share purchase warrant. Each full warrant entitles the holder to purchase one common share at a price of $0.15 per common share for a period of two years from closing of the private placements.

In addition to the unit offering, Next Gen also completed a concurrent private-placement offering by issuing 11,386,330 subscription receipts at a price of $0.075 per subscription receipt for a total of $853,975. Each of these subscription receipts automatically converted, for no additional consideration, into 11,386,330 common shares of the Company, upon the closing of the transaction with Next Gen, which occurred on February 26, 2016.

Prior to the closing of the transaction with Next Gen, the Company funded operations without any equity financing.

Liquidity

The Company's objective when managing its liquidity and capital structure are to generate sufficient cash to fund operating and organic growth requirements.

As at May 31, 2016, the Company had cash of $324,707. Working capital for the Company consists of current assets less current liabilities. As at May 31, 2016, the Company has sufficient capital resources to satisfy its near term financial obligations.

The table below sets forth the cash and working capital position of the Company as at May 31, 2016.

	As at May 31, 2016
Cash	324,707
Working capital	1,247,173

The table below sets forth the Company's cash flows for the third quarter ended May 31, 2016.

	Three Months Ended May 31, 2016	***Three Months Ended May 31, 2015***	***Nine Months Ended May 31, 2016***	***Nine Months Ended May 31, 2015***
Net cash provided by:				
Operating activities	(526,544)	(141,635)	(1,284,430)	(248,766)
Investing activities	(307,529)	27,905	42,628	(27,905)
Financing activities	56,652	202,384	1,396,867	370,746

Cash Provided by Operating Activities

The cash utilized by operating activities of $526,544 was due to the net loss from operations. During the period, changes in current assets resulted in a decrease in operational cash flow by $94,770 and changes in current liabilities generated a decrease of $83,182, a net negative change in working capital of $196,762. The majority of the increase in current assets consisted of deposits on inventory.

Cash Provided by Investing Activities

The Company's cash provided by investing activities for the third quarter ending May 31, 2016 consisted of a repayment of loan including the recognition of the historic foreign exchange translation.

Cash Provided by Financing Activities

The Company's cash provided by financing activities for the third quarter ending May 31, 2016 consisted of equity and loans payable for $1,161,417. Options were also granted for services rendered in the amount of $235,450.

LIQUIDITY, FINANCING AND CAPITAL RESOURCES

The Company's capital is composed of debt and shareholders' equity. The Company utilizes cash flow from operations and equity investment to support development and continued operations and to meet liabilities and commitments as they come due. Specifically, the Company has working capital of $1,247,173 as at May 31, 2016.

Capital Activities

The Company's objective for managing capital are: (i) to maintain a flexible capital structure which optimizes the cost/risk equation; and (ii) to manage capital in a manner which maximizes the interests of shareholders.

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The Company's capital structure is managed in conjunction with the capital structure and financial needs of the day-to-day operations.

Management does not establish quantitative return on capital criteria, however management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Company, is appropriate. As at May 31, 2016, the Company is not subject to any externally imposed capital requirements.

The Company's principal capital needs are for funds to expand its market presence, design and develop propriety products, and general working capital requirements to support growth. Since formation of the Company, these capital needs have been funding internally-generated cash flows and the periodic use of credit facilities.

Related Party Transactions

The Company had an outstanding amount due to related party that is non-interest bearing, unsecured, and receivable within the upcoming fiscal year. During the period ended May 31, 2016, the Company settled due to related party amounts totaling $166,852. These amount were used to fund inventory and market expansion.

Compensation awarded to key management was $75,200 in share-based compensation and $5,819 of cash based compensation during the period. Key management includes the Company's directors, senior officers and any employees with authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly.

Financial Instruments

Financial Instruments – Recognition and Measurement

All financial assets and financial liabilities are initially recognized at fair value. The fair value of financial instruments are measured using inputs which are classified within a hierarchy that prioritizes their significance. The three levels of the fair value hierarchy are:

- Level One includes quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level Two includes inputs that are observable other than quoted prices included in Level One.

- Level Three includes inputs that are not based on observable market data.

The Company has designated the following classifications:

- Cash – Held-for-trading
- Accounts receivable – Loans and receivables
- Due from related parties – Loans and receivables
- Accounts payable and accrued liabilities – Other liabilities
- Due to shareholder – Other liabilities
- Loan payable – Other liabilities

All are recognized as Level One measurements.

As at May 31, 2016, both the carrying and fair value amounts of all of the Company's financial instruments are approximately equivalent due to their short term nature.

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable, accounts receivable and due from related parties. The Company has no significant concentration of credit risk arising from operations. Cash consists of cash on hand deposited with reputable financial institutions which is closely monitored by management. Management believes credit risk with respect to accounts receivable and due from related parties is minimal. The Company's maximum exposure to credit risk as at May 31, 2016 is the carrying value of cash.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying its financial obligations. The Company manages its liquidity risk by forecasting it operations and anticipating its operating and investing activities. As at May 31, 2016, the Company has current assets of $1,357,305 compared to current liabilities of $110,132. All amounts in current liabilities are due within one year.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

Interest rate risk

Interest rate risk consists of a) the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, and b) to the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities. The Company is not exposed to interest rate price risk.

Foreign currency risk

The Company buys inventory and sells products in several countries. The Company is exposed to foreign currency risk from fluctuations in foreign exchange rates and the degree of volatility in these rates due to the timing of their accounts payable balances. This risk is mitigated by timely payment of creditors and monitoring of foreign exchange fluctuations by management. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

Transactions in foreign currencies are translated to the respective functional currencies at the spot rate on the dates of the transactions. At each statement of financial position date, monetary assets and liabilities are translated using the period end foreign exchange rate. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. Non-monetary assets and liabilities that are stated at fair value are translated using the historical rate on the date that the fair value was determined. All gains and losses on translation of these foreign currency transactions are included in income.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to significant other price risk.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Seasonality

The Company does not consider its business to be seasonal with the exception for Black Friday and Cyber Monday sales. During the first quarter ending February 29, 2016, sales from online shopping during Black Friday and Cyber Monday contributed to a lower gross margin than normally obtained.

Inflation and Changing Prices

Neither inflation nor changing prices for the period from March 1, 2016 to May 31, 2016 has a material impact on operations of the Company.

RECENT DEVELOPMENTS AND SUBSEQUENT EVENTS

On July 15, 2016, the Company reported it closed its purchase of certain assets of Haze Industries, Inc. ("Haze") representing its VaporSeller business. VaporSeller is an e-commerce platform for the retail distribution of vaporizers with a substantial presence in the United States. Estimated by management to be one of the largest e-commerce distributors of vaporizers in the United States, VaporSeller generated an unaudited revenue of US$3.4 million in 2015. Pursuant to the terms of the Agreement, the Company acquired the VaporSeller assets from Haze in exchange for cash, shares and an earn-out. Financial terms of the transaction are as follows:

- US$500,000 in cash paid upon closing of the transaction;
- 5,000,000 shares of the Company issued over time;
- US$1.5 million of earn-out cash payments over 3-years, subject to certain performance criteria including operational controls on revenue and margins; and
- US$89,000 annual management contract during the earn-out period.

In addition to closing the acquisition of VaporSeller, the Company also closed a non-brokered private placement by issuing approximately 8.0 million units (“Units) of the Company for gross proceeds of approximately $960,000. Each Unit consists of one common share of the Company and one common share purchase warrant at an exercise price of $0.18 for a period of 2-years. All securities issued pursuant to the non-brokered private placement are subject to a four month plus one day hold period.

RISK FACTORS

There are risks relating to the business carried on by the Company which prospective investors should carefully consider before deciding whether to purchase shares of the Company. The Company will face a number of challenges in the development of its business. Due to the nature of the Company's business and present stage of the business, the Company may be subject to significant risks. Readers should carefully consider all such risks and readers are strongly encouraged to review in its entirety the section entitled Risk Factors in the Listing Statement of the Company dated February 26, 2016.