Namaste Technologies Inc.
Amended and Restated Management Discussion and Analysis
Three months ended November 30, 2017

This “Management’s Discussion and Analysis” (“MD&A”) has been prepared as at February 20, 2018, and should be read in conjunction with Namaste Technologies Inc. (the “Company”) unaudited condensed consolidated interim financial statements and related notes for the three months ended November 30, 2017, and its audited consolidated financial statements and MD&A for the twelve months ended August 31, 2017.

This MD&A is restated as a result of prior period and current period errors. These errors are described in note 3 of the amended and restated condensed consolidated interim financial statements for the three months ended November 30, 2017 and November 30, 2016. The previously issued MD&A, issued January 29, 2018 is no longer valid.

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

Management's responsibility for financial reporting

The MD&A for the Company is the responsibility of management. 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, the ability to fund future operating costs, the timing for future research and development of the Company’s current and future technologies, 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.

Summary of significant accounting polices

The significant accounting policies applied by the Company are described in note 3 of the consolidated annual financial statements for the year ended August 31, 2017. These restated condensed consolidated interim financial statements at November 30, 2017 have been prepared in accordance with the same accounting policies as the most recent annual consolidated statements as at and for the year ended August 31, 2017.

On September 1, 2017, the Company adopted the amendments to IAS 7 Statement of Cash Flows, IAS 12 Income Taxes, and IFRS 12 Disclosure of Interests in Other Entities. The adoption of these amendments had no impact to the amounts recorded in the Company's consolidated financial statements as of September 1, 2017 or comparative periods.

<u>Update on Accounting Standards Issued but not yet Effective</u>

The IASB has issued accounting standards that are not yet effective, including: IFRS 9 (effective January 1, 2018), IFRS 15 Revenue from Contracts with Customers (effective January 1, 2018), IFRS 16 Leases (effective January 1, 2019), IFRIC 22 Foreign Currency Transactions and Advance Consideration (effective January 1, 2018), and IFRIC 23 Uncertainty over income tax treatment (effective January 1, 2019). Details are outlined in note 2 of the August 31, 2017 consolidated annual financial statements. There have been no significant changes as of the date of these condensed interim financial statements and the evaluation of all potential measurement and disclosure impacts is ongoing.

IFRS 15 Revenue from Contracts with Customers will be adopted by the Company effective January 1, 2018, and will replace IAS 18 Revenue, IAS 11 Construction Contracts, and related interpretations. IFRS 15 provides clarification on how and when an entity will recognize revenue and provides a single, principles-based, five-step model that will be applied to all contracts with customers. The Company has will perform an initial assessment of IFRS 15 and determine whether to adopt the full retrospective or the modified retrospective approach Under the full retrospective approach comparative figures are restated. Under the modified retrospective approach, comparative figures are not restated and the cumulative effect of initially applying the standard (if any) would be recognized at the date of adoption. The Company will be required to disclose additional information regarding the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers, including a disaggregation of revenue by good or service. As of the date of these interim financial statements adoption is being evaluated. This may change as new publications or interpretations of the new standard become available.

Basis of consolidation

The interim condensed consolidated interim financial statements include the accounts of the Company and entities controlled by the Company and its subsidiaries.

The interim condensed consolidated interim financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

As of November 30, 2017, Subsidiaries of the parent Company, Namaste Technologies Inc. are as follows:

Equity interests

	November 30, 2017	*August 31, 2017*
Namaste Technologies Holdings Inc.	100%	100%
Dollinger Enterprises US Ltd.	100%	100%
Namaste Bahamas Inc.	100%	100%
Australian Vaporizers Pty Ltd.	100%	100%
CannMart Inc.	100%	100%
Next Gen USA Inc.	100%	100%
NamasteMD Inc.	100%	0%

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the interim consolidated statements of income and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

All intercompany transactions, balances, revenue and expenses are eliminated in full on consolidation.

Description of the business

Dollinger Enterprises U.S.A. commenced commercial operations on September 3, 2014, and following an amalgamation with Next Gen Metals Inc. in February 2016, continued its operations under the name Namaste Technologies Inc. (the "Company").

The Company is a publicly traded corporation, incorporated in British Columbia, Canada, with its office located at Suite 2300, 550 Burrard Street, Vancouver, British Columbia, Canada V6C 2B5. The Company’s primary listing is on the Canadian Securities Exchange, under the trading symbol “N”. The Company has 256,124,732 common shares that are issued and fully paid as of February 20, 2018.

Namaste is one of the largest online retailers for medical cannabis delivery systems globally. Namaste retails vaporizers and smoking accessories through e-commerce sites in 26 countries with 5 distribution hubs located around the world. Namaste has majority market share in Europe and Australia, with operations in the United Kingdom, Canada and Germany and has opened new supply channels into emerging markets, which include Brazil, Mexico and Chile. Namaste, through its acquisition of CannMart Inc., a Canadian-based late-stage applicant for a medical cannabis “sales-only” license under Canadas Access to Cannabis for medical Purposes (“ACMPR”) program, is pursuing a new revenue vertical in the online retail of medical cannabis in the Canadian market. Namaste intends to leverage its existing database of Canadian medical cannabis consumers along with its technology and expertise in e-commerce to create an online marketplace for medical cannabis patients, offering a larger variety of product and a better user experience.

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 20 e-commerce retail stores in 24 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. 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 States, 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.

- **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.

Overall performance

- Namaste generated e-commerce revenues of $4.9 million a gross profit of $1.6 million, and a gross profit margin of 32%.
- The Company successfully closed a non-brokered private placement financing during the first quarter ended November 30, 2017 for gross proceeds of $3.6 million;
- The Company raised further funds from the exercise of warrants and options for gross proceeds of $5.6 million.
- The company operates three distinct business segments known as Namaste-other, Australian Vaporizers and CannMart.

Discussion of operations

On September 5, 2017 Namaste announced that it has received confirmation from Health Canada that the facility (the "Facility") acquired in the acquisition of CannMart Inc. is under the review stage of its application (the "Application") under the Access to Cannabis for Medical Purposes Regulations (the "ACMPR") to become a “sales only” licensed producer of medical cannabis. Namaste has also engaged David Hyde & Associates to provide security consulting for the Facility and Eurofins Experchem Laboratories Inc. to consult for CannMart on regulatory compliance.

In September Namaste announced that its wholly owned subsidiary, CannMart Inc, has signed a supply agreement with Israeli-based producer Cannbit Ltd. (“Cannbit”). The agreement, subject to approval by Health Canada, will supply medical cannabis products sourced from Cannbit in Israel, to be to be sold exclusively in Canada through CannMart and Namaste sales channels. This Agreement represents a fundamental step in Namaste’s growth strategy to develop a marketplace for Canadian medical cannabis that will include product sourced both domestically and internationally.

On September 20, 2017 Namaste announced that it has signed a product acquisition agreement with Aphria Inc. (“Aphria”), to supply medical cannabis through Namaste’s CannMart facility in Ontario, Canada. The agreement represents further progress for Namaste in securing supply agreements with high quality producers of medical cannabis. Namaste intends to build on its current product offerings through its distribution license, by creating an online marketplace that is inclusive of medical cannabis for our Canadian customers. Namaste is pleased to have brought on Aphria, one of Canada’s leading licensed producers focused on production of pharmaceutical grade medical cannabis products.

On September 28, 2017 Namaste and Aurora Cannabis (“Aurora”) announced that the companies have signed an exclusive hardware supply agreement for the Canadian market. Pursuant to the agreement, Aurora, through its website and mobile app, will offer a specially curated selection of industry-leading vaporizers, which will be sourced from Namaste. Under the terms of the agreement, Namaste will establish a direct inventory feed to both Aurora’s online shop and its mobile app, providing Aurora customers with access to a range of medical grade vaporizers and other innovative products that are supplied through Namaste’s platform. Namaste will be providing these products to Aurora customers via next day delivery across Canada, and same day delivery to customers in the Greater Toronto Area, which has a population of nearly 6.5 million people. Namaste will also provide Aurora with back-office support, including the handling of returns and warranty claims.

On October 12, 2017 Namaste announced the signing of an exclusive agreement with Authenticating.com (“Authenticating”) whereby Namaste has secured exclusive Canadian rights to Authenticating’s identity verification technologies for the purpose of verifying medical cannabis patients on NamasteMD.com (“NamasteMD”).

Namaste has developed an enterprise quality software application that incorporates instant age and identity verification and facial recognition that is applicable not only for the medical cannabis market but also as a solution for age verification in online recreational cannabis sales. In addition to the implementation for NamasteMD, Namaste believes that it can gain greater exposure to the recreational cannabis marketplace by providing the best solution for provincial governments in offering reliable and automated age verification for provincially mandated online recreational cannabis portals.

Namaste has implemented a multi-level identity verification system on NamasteMD for patient consultations that includes facial recognition technology and verification by scanning an identifying document (“ID”) and instantly checking it against a self-portrait and authoritative Canadian databases. Identity and age verification is a critical component of Namaste’s platform. NamasteMD connects potential medical patients with doctors through a Telehealth application, in order to facilitate a smooth process for issuing of medical prescriptions. Authenticating’s technology will be integrated directly with NamasteMD via API, to provide high confidence, low friction, automated identity verification. The verification process will use facial recognition technology to compare the patient’s face to the photo in the ID provided. The barcode on the ID is scanned and the data extracted is instantly checked against Canadian consumer, utility and electoral databases.

NamasteMD is Canada’s first Telehealth program focused on connecting medical cannabis patients with doctors to facilitate a smooth and secure process for consultations, verification and issuance of medical prescriptions. The NamasteMD portal will provide access for many doctors to participate in consultations across all provinces in Canada. Namaste plans to leverage customer data and e-commerce expertise to build a strong patient network that will be serviced through Namaste's wholly-owned subsidiary, CannMart Inc.

On November 7, 2017, Namaste announced that it has commenced sales through Aurora Cannabis Inc.'s ("Aurora") website and mobile application under the exclusive hardware supply agreement (the "Aurora Agreement"), as announced on September 28, 2017. Further to the Aurora Agreement, Aurora is now offering a range of high-quality vaporizers to its medical patients through its online platform. The products offered through Aurora's website are carefully curated, and, combined with Namaste's processing and delivery capabilities, offer the best possible experience from ordering through to consumption. The ability to offer patients non-smoked methods to consume medical cannabis is of growing importance in a market featuring evolving user preferences.

On November 14, 2017, Namaste announced that the NamasteMD smartphone app has been submitted to the Apple Store, is awaiting approval, and is expected to soon be available on both IOS and Android devices. NamasteMD is a revolutionary telemedicine application which has been designed to connect patients with doctors and nurse practitioners, in an attempt to facilitate a seamless process for obtaining medical documents under Canada's ACMPR program. This state of the art application incorporates facial recognition algorithms, and is the first of its kind to feature exclusive age and identity verification technology. Namaste plans on utilizing this technology on the NamasteMD platform to distribute medicinal cannabis through its wholly owned subsidiary, CannMart.

On November 14, 2017 Namaste announced that is has entered into an exclusive services agreement for fulfillment with VapeBr for Namaste's Brazilian operations. During the duration of the agreement, Namaste will inherit all future associated revenue, in exchange for a fulfilment services agreement. Namaste has also agreed to work with the VapeBr management team to solicit top brands in order to provide local warranty and repair services for the Brazilian market.

On November 16, 2017 Namaste provided an update on progress with its wholly owned subsidiary, CannMart Inc. and announced that the updated ACMPR application has been submitted to Health Canada. The CannMart facility is now under construction and the Company expects a six to eight-week time-frame for completion, pending any delays. Namaste's design goals for the CannMart facility will facilitate the seamless distribution of a wide variety of medicinal cannabis products, which have been sourced both domestically and internationally. Namaste believes that once construction is complete, this state of the art facility will serve as the backbone in servicing Namaste's impressive and growing database of Canadian medical cannabis consumers.

Selected Financial Information

	November 30, 2017 - Restated	***November 30, 2016 - Restated***
Sales	**4,931,110**	2,087,188
Gross profit	**1,579,533**	560,498
Net income (loss)	**(3,103,601)**	(1,011,333)
Net income (loss) per share, basic & diluted:	**$ (0.02)**	$ (0.01)
Weighted average number of outstanding common shares, basic and diluted	**193,053,277**	90,012,893

Revenue

The Company's net revenues for the three months ended to November 30, 2017 were $4.9 million (2016 – $2.1 million), which is an increase of $2.8 million or 136% as compared to the three months ended November 30, 2016. The increase in net revenues during the first quarter of 2017 was primarily due to a full quarter of recognizing revenue from Australian Vaporizers and URT1 (also known as EDIT). Whereas in the first quarter of 2016, revenues partially included the acquisition of EDIT and did not include Australian Vaporizers because the acquisition occurred after the first quarter of 2016. In addition to this, the Company also experienced organic growth.

The change of business model to growing organic traffic through search engine optimization has started to yield tangible results. 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 revenues were generated by several key markets. The top five countries revenue earning countries generated 82% for the three months ended November 30, 2017. In the previous quarter the top five revenue earning countries generated 79% of revenues. Also, Namaste's shift away from the United States of America has not resulted in a significant revenue impact during the three months ended November 30, 2017. With US sales decreasing 26% from $0.9 million to $0.7 million, from the comparable period, while sales have continued to increase 136%.

Revenues by country

Country	***November 30, 2017 - Restated***	***November 30, 2016 - Restated***
Great Britain	**1,233,983**	547,281
Australia	**1,415,771**	78,884
United States of America	**677,552**	912,011
Brazil	**354,444**	101,923
Canada	**355,632**	80,238
New Zealand	**104,484**	134,168
Germany	**262,610**	23,437
Ireland	**61,820**	35,505
Israel	**62,844**	22,236
Other	**401,971**	151,505
Total	**4,931,110**	**2,087,188**

Revenue by segment

	November 30, 2017 - Restated	***November 30, 2016 - Restated***
Namaste-other		
Net segment revenue	**3,651,388**	2,087,188
Intersegement revenue	**-**	-
External revenue	**3,651,388**	-
Australia		-
Net segment revenue	**1,279,722**	-
Intersegement revenue	**-**	-
External revenue	**1,279,722**	-
CannMart	-	-
Total revenue by segment	**4,931,110**	2,087,188

Gross profit and cost of sales

Cost of sales includes all expenditures to purchase the product and ship products to warehouse locations. This includes the purchase price less import duties, shipment fees to warehouses and customers, storage, handling, 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 three months ended November 30, 2017 were $3.4 million (2016 – $1.5 million), which resulted in a gross profit of $1.6 million (2016 – $0.6 million). The gross profit increased by $1.0 million or 166%, which is primarily due to the growth in revenue. The gross profit margin increased year over year from 27% to 32%, primarily due to the Australian Vaporizers operating segment, which operates at a higher gross profit. Australian Vaporizers was not part of the Company during the first quarter of 2016.

Operating expenses

The table below sets forth operating expenses for the three months ended November 30, 2017.

Operating expenses	***November 30, 2017 - Restated***	***November 30, 2016 - Restated***
Operating expenses		
Selling expenses	**1,093,180**	535,834
Administration expenses	**3,302,405**	1,003,712
Other expenses	**242,807**	32,285
Total operating expenses	**4,638,392**	1,571,831

Operating expenses were $4.6 million (2016 - $1.6 million), which is an increase of $3.0 million. The increase in operating expenses is primarily due to non-cash charges of $2.66 million, which included share-based compensation, amortization of intangible assets, and depreciation. The remaining increase in operating expenses is a result of the Australian Vaporizers segment, which was not part of the first quarter in the prior period as well as expenses incurred to support organic growth.

Selling expenses for the three months ended November 30, 2017 were $1.1 million (2016 – $0.5 million), which is an increase of $0.6 million. The increase is due to an increase in advertising expenses of $0.1 million and consulting expenses of $0.5 million. Advertising expenses 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. Consulting expenses relate to compensation amounts paid to various companies and individuals for marketing, fulfillment and distribution services, customer service activities, e-commerce product development, back-office e-commerce support and sales commissions. The increase in consulting fees is primarily related to information technology costs in order to develop current and new revenue channels that the Company is working towards. In addition to this, there were non-cash expenses related to shares for services of $0.2 million.

Administration expenses for the three months ended November 30, 2017 were $3.3 million (2016 – $1.0 million), which is an increase of $2.3 million. The increase is primarily due to non-cash share-based compensation and shares for services of $2.2 million. In addition to this, there were administrative costs, which include the Australian Vaporizers operating segment.

Other expenses for the three months ended November 30, 2017 were $0.2 million (2016 – approximately nil), which is an increase of $0.2 million. The increase is primarily due to amortization of intangibles of $0.2 million, which relates to the amortization of the customers list from the acquisition of Australian Vaporizers.

Summary of quarterly results

The Company's quarterly consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as are issued by the International Accounting Standards Board (IASB) and are reported in Canadian dollars. The following quarterly information is presented on the same basis as the audited consolidated financial statements and should be read in conjunction with the statements and the accompanying notes

Summary of Quarterly Results

	Feb-16 - Restated	*May-16 - Restated*	*Aug-16 - Restated*	*Nov-16 - Restated*	*Feb-17 - Restated*	*May-17 - Restated*	*Aug-17 - Restated*	*Nov-17*
Sales	698,331	738,199	877,031	2,087,188	1,907,106	3,164,232	3,822,888	4,931,110
Cost of Goods Sold	424,549	445,224	686,149	1,526,690	1,309,072	2,917,533	3,849,991	3,351,577
Gross Profit	**273,782**	**292,975**	**190,882**	**560,498**	**598,034**	**246,699**	**(27,103)**	**1,579,533**
Gross margin	*39.2%*	*39.7%*	*21.8%*	*26.9%*	*31.4%*	*7.8%*	*-0.7%*	*32.0%*
Net Income loss	(200,886)	(288,145)	(1,139,830)	(1,011,333)	(1,471,835)	(4,436,324)	(10,437,773)	(3,103,601)
Net loss per share, basic:	(0.00)	(0.00)	(0.02)	(0.01)	(0.01)	(0.03)	(0.06)	(0.02)
Weighted average number of outstanding common shares, basic:	49,637,051	59,514,836	64,537,844	90,012,893	113,926,157	157,475,300	185,040,460	193,053,277
Total assets	1,783,230	1,357,305	4,111,081	13,055,751	7,991,329	21,374,108	13,924,370	22,735,617

The Company has seasonal fluctuations in its operating results, which is primarily due to the sales cycle that exists in the e-commerce sector. The increase in net loss during the second quarter ended February 2017 was primarily due to an increase in administration expenses related to business development initiatives. The company's gross profit is expected to be consistent quarter over quarter. The decline in gross profit in the third quarter ended May 2017 was primarily due to the timing of cost of sales that were recognized during the period, an increase in consulting fees and an increase in share-based compensation. The increase in net loss during the fourth quarter ended August 2017 was primarily due to impairment of goodwill and intangible assets. The net loss in the first quarter ended November 2017 was primarily due to non-cash charges of shares for services and share-based compensation.

Liquidity

The Company's objectives when managing its liquidity and capital structure are to generate sufficient cash to fund operating and organic growth requirements. The Company's cash resources are impacted by the seasonality of e-commerce sales. The Company has sufficient cash on hand to manage it's short-term and long-term objective. The Company currently operates at a cash loss however, this has no impact on the company's growth objectives.

As at November 30, 2017, the Company had cash of $8,953,341. Working capital for the Company consists of current assets less current liabilities. As at November 30, 2017, the Company has sufficient capital resources to satisfy its near term and long term financial obligations as well as growth initiatives.

The table below sets forth the cash and working capital position of the Company as at November 30, 2017 and August 31, 2017.

Cash and working capital position

	November 30, 2017	***August 31, 2017***
Cash	8,953,341	1,132,770
Working capital excluding cash	2,682,691	2,310,241

The table below sets forth the Company's cash flows for the three months ended November 30, 2017.

Cash flow

Cash provided by (used in):	***November 30, 2017 - Restated***	***November 30, 2016 - Restated***
Operating activities	(774,703)	(1,833,285)
Finance activities	8,637,871	3,230,798
Investing activities	(48,589)	(961,686)

- ***Cash used in operating activities***

  The cash used in operating activities was approximately $0.8 million (2016 - $1.8 million), which is a decrease of $1.0 million from the previous period. The reduction in cash used in operations from the first quarter of 2016 to the first quarter of 2017, was primarily due to an increase in net revenues and gross profit, partially offset by higher operating expenses $0.4 million and a decrease in non-cash working capital of $0.6 million.

- ***Cash provided by financing activities***

  The cash provided by financing activities was approximately $8.6 million (2016 - $3.2 million), which is an increase of $5.4 million. The increase was primarily due proceeds from share issuance, deferred shares and the exercising of warrants and options.

- ***Cash used in investing activities***

  The cash used in investing activities during 2017 was approximately $0.1 million (2016 - $1.0 million), which is a decrease of $0.9 million. Investing activities during the first quarter of 2017 primarily relate to additions to intangible assets and property and equipment, partially offset by deposit on sale.

Investing activities during the first quarter of 2016 was the cash proceed on acquisition of URT1 and the acquisition of plant and equipment.

Equity-based compensation

Equity-based compensation	*November 30, 2017 - Restated*	*November 30, 2016 - Restated*
Share-based compensation - stock options	**260,975**	178,000
Shares for employees and directors	**1,826,968**	-
Total share-based compensation	**2,087,943**	
Shares for services	**324,338**	-
Equity-based compensation	**2,412,281**	**-**

The total fair value associated with stock options is recognized over the service period. During the first quarter ended November 30, 2017, share-based compensation expense related to stock options was $0.3 million, as compared to $0.2 million in the prior period. The increase is primarily due to an increase in options issued to employees and consultants.

During the first quarter ended November 30, 2017, shares were issued to certain employees and directors of the company. In addition to this, shares were issued to certain service providers and consultants. There were no similar shares issuances to in the prior period.

Non-IFRS Measures

Management evaluates the Company's performance using a variety of measures. The non-IFRS measures discussed below should not be considered as an alternative to or to be more meaningful than net revenue or net loss. These measures do not have any standardized meaning prescribed by IFRS and many not be comparable to similar measures presented by other companies.

Adjusted EBITDA	*November 30, 2017 - Restated*	*November 30, 2016 - Restated*
IFRS measures from consolidated financial statements		
Statement of loss:		
Net loss	**(3,103,601)**	(1,011,333)
Deferred tax benefit	**(70,368)**	-
Current tax expense	**115,110**	-
Depreciation	**16,549**	12,633
Amortization of intangible assets	**234,561**	-
EBITDA	**(2,807,749)**	(998,700)
Adjustments:		
Share-based compensation	**2,087,943**	178,000
Shares for services	**324,338**	-
Foreign exchange loss (gain)	**(8,303)**	19,652
Adjusted EBITDA	**(403,771)**	(801,048)

EBITDA and Adjusted EBITDA are calculated as described above, adjusted for specific items that are significant but not reflective of the Corporation's underlying operations. Adjustment of these specific items is subjective; however, management uses its judgment and informed decision-making when identifying items for adjustment.

Adjusted EBITDA is provided to assist management and investors in determining the Company's operating performance before income taxes, depreciation and amortization, and certain other income and expenses. Income taxes, depreciation and amortization are excluded from the EBITDA calculation, as they do not represent cash expenditures that are directly affected by operations. Management believes that presentation of this non-IFRS measure provides useful information to investors and shareholders as it provides predictive value and assists in the evaluation of performance trends. Management uses adjusted EBITDA to compare financial results among reporting periods and to evaluate Namaste's operating performance and ability to generate funds from operating activities.

In calculating Adjusted EBITDA, management excluded certain non-cash and nonrecurring transactions. Adjusted EBITDA excluded non-cash expenses related to share-based compensation and foreign exchange gains and losses.

Capital resources

On October 31, 2017 Namaste completed its non-brokered private placement, whereby a total of 14,409,000 Units of the Company have been issued and sold, at a price per Unit of $0.25, for total gross proceeds of $3,602,250. Each Unit consists of one common share of the Company (a "Share") and one common share purchase warrant (a "Warrant"). Each Warrant entitles the holder thereof to acquire one Share at a price of $0.35 for a period of 24 months following the closing date. The fair value of the warrants was calculated at $1,707,028 based on the Black Scholes model. In the event that the closing price of the Company's Shares on the Canadian Securities Exchange is greater than $0.70 per Share for a period of 10 consecutive trading days at any time after the closing of the Offering, the Company may accelerate the expiry date of the Warrants by giving notice to the holders thereof and in such case the Warrants will expire on the 30th day after the date on which such notice is given by the Company. The securities issued pursuant to the Offering are subject to a four month plus one-day hold period in Canada expiring on March 1, 2018.

For the three months ended November 30, 2017 the Company issued 13,332,063 common shares on exercise of various warrants and options for total gross proceeds of $3,671,297.

Off-balance sheet arrangements

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

Related party transactions

<u>Due from and due to related parties</u>

The Company utilizes a credit card and bank accounts of Jason Zylbering, a shareholder of the Company. These accounts are primarily used to collect payments from customers within its Brazilian operations and used for general corporate purposes. The net amount owed to the Company as at November 30, 2017 was $69,628 (August 31, 2017 - $64,730). This amount is measured at fair value.

The Company utilizes Wireless Coverage Solution for payment processing services. Wireless Coverage Solutions is a Company controlled by Sean Dollinger. The amount owed to Wireless Coverage Solutions as at November 30, 2017 was $768 (August 31, 2017 – nil). This amount is measured at fair value

The Company has advanced Dollinger Enterprise Holdings, of which Sean Dollinger is President, the amount of $17,822 (August 31, 2017 - $16.882) to procure inventory for the Company. This amount is measured at fair value.

The Company received a loan from Dollinger Enterprise Canada Ltd, of which Sean Dollinger is President, in the amount of $568 (August 31, 2017 – $552). This amount is measured at fair value.

Other related party transactions

A director of the Company, Peter Simeon, is also a partner, Gowling WLG (Canada) LLP, which the Company has engaged to provide legal services. During the period ended November 30, 2017, the Company incurred $212,505 (November 30, 2016 - $97,905) in legal fees. Included in accounts payable and accrued liabilities is an amount owing to Gowling at November 30, 2017 of $12,193 (August 31, 2017 - $13,276).

The Company previously entered into an agreement with Northcote Advisors, to perform corporate advisory services and investor relations services for $330,000. This amount was paid upfront for services to be performed over a period of 12 months. Cliff Starke, a director of the Company, is also the President and CEO of Northcote Advisors. As at November 30, 2017, there was an amount of $100,800 (August 31, 2017 - $190,800), in prepaids and deposits. This amount is measured at amortized cost.

	November 30, 2017- Restated	***August 31, 2017***
Due from shareholders	**69,628**	64,730
Due from other related parties	**17,822**	16,882
Total due from related parties	**87,450**	81,612
Due to other related parties	**(1,336)**	(552)
Total due to related parties	**(1,336)**	(552)
Total due from related parties	**86,114**	**81,060**

Subsequent events

On December 22, 2017 the Company announced that its wholly owned subsidiary CannMart Inc. has signed a Fulfilment Services Agreement with Greenlane Canada whereby Greenlane will provide exclusive order fulfilment and warranty services for Namaste's Canadian websites. Under the terms of the Agreement, Greenlane will fulfill orders for all products set forth in Greenlane's product offering as well as products which are marketed and sold under brands controlled by Namaste and other third-party products as specified by Namaste. The Agreement represents a strategic decision to further align the Company with the industry's leading business-to-business distributor, while Namaste will benefit through a significant reduction of inventory and operational expenses, bringing the company closer to profitability. In addition, it is believed this Agreement will set the framework for Namaste to collaborate with Greenlane on future opportunities in areas related to the distribution of cannabis packaging products and pre-filled cartridges for medical cannabis, to be sold in Canada through Namaste's wholly owned subsidiary CannMart.

On January 16, 2018, the Company announced participation in a lead order in a private placement offering by Atlas Growers Ltd. ("Atlas"), which is a late-stage applicant for an ACMP cultivation and sales license. Namaste has completed the subscription agreement under the terms of the private placement, for $200,000 in exchange for 200,000 Class B Common Shares of Atlas stock at a price of $1.00 per common share. In consideration of the investment, Atlas and Namaste's wholly owned subsidiary, CannMart have entered into a supply agreement whereby Atlas agrees to guarantee supply to CannMart by offering first right of refusal for a minimum of 20% of the net production of medical cannabis through Atlas.

On January 18, 2018, the announced signing of a non-binding letter of intent with Israeli medical cannabis producer, Cannbit Ltd ("Cannbit") whereby the companies propose to enter into a share purchase agreement and/or a subscription agreement whereby Namaste would acquire an equity position of 5% in Cannbit through an investment to be made in a proportion to be determined and agreed by both parties. Cannbit will also offer

Namaste a first right of refusal to purchase an additional 5% equity in shares at the same valuation.

On February 1, 2018, Namaste announced it has entered into a bought deal financing agreement with underwriters. The underwriters have agreed to purchase 13,726,000 units of the Company on a bought deal basis pursuant to a filing of a short form prospectus, subject to all regulatory approvals, at an issue price per unit of $2.55 for gross proceeds of $35,001,300. The Company has agreed to grant the underwriters an over-allotment option to purchase up to an additional 15% of the units at the issue price, exercisable in whole or in part, at any time on or prior to the date that is 30 days following the closing of the offering. If this option is exercised in full, additional gross proceeds of$5,250,195 will be raised, for total gross proceeds of $40,251,495. Each unit will be comprised of one common share of the Company and one warrant. Each warrant shall entitle the holder thereof to purchase one common share at an exercise price of $3.15, for a period of 24 months following the closing of the offering. If the volume weighted average price of the common shares is equal to or greater than $6.00 for any 10 consecutive trading days, the Company may, upon providing written notice to the holders of Warrants, accelerate the expiry date of the Warrants to the date that is 30 days following the date of such written notice.

Subsequent to the reporting period, there were 34,546,008 shares issued on conversion of warrants and options for gross proceeds of $9,827,375.

Subsequent to period end, the Company also issued the final 1,600,000 deferred shares recorded on the acquisition of Vaporseller and the 3,467,406 deferred shares recorded on the acquisition of CannMart that were part of deferred shares at November 30, 2017 with a book value of $1,190,636

Subsequent to period end, the Company granted the following stock options:

- 500,000 at an exercise price of $3.35 expiring December 29, 2021 and 420,000 at an exercise price of $3.35 expiring December 28, 2022. The options vest in equal quarterly instalments over a period of one year except for 240,000 that vest over two years.

- 1,520,000 at an exercise price of $2.90 expiring January 16, 2023. The options vest in equal quarterly instalments over a period of two years except of 120,000 that vest over one year.

Commitments

Commitments	Amount due
2018	445,788
2019	208,716
2020	194,936
2021	197,856
2022	103,214

Financial instruments

Financial instruments that are measured at fair value use 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; and

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

The Company has designated its cash as and available for sale securities as far value through profit and loss. Its accounts receivable is classified as loans and receivables. Its accounts payable and accrued liabilities, due to related party, earn-out and loans payable have been designated as other financial liabilities. The fair value of all financial instruments is determined using level three of the hierarchy.

As at November 30, 2017, both the carrying and fair value amounts of all the Company's financial instruments are approximately equivalent. The carrying and fair value amounts of the Company's loans payable are equivalent due to the nature of the loans.

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 to cash and accounts receivable. 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 financial instruments included in cash and due from related parties is minimal. The Company's maximum exposure to credit risk as at November 30, 2017 is the carrying value of cash held in merchant accounts and accounts receivable.

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. All amounts in current liabilities are due within one year.

Financial liabilities - November 30, 2017

	Carrying value	**1 - 30 days**	**30 - 60 days**	**60 - 90 days**	**> 90 days**
Accounts payable and accrued liabilities	1,447,289	539,346	256,135	133,675	518,133
Loan payable	311,081	-	-	-	311,081
Earn-outs payable	304,847	-	-	141,000	163,847
	2,063,217	539,346	256,135	274,675	993,061

Financial liabilities - August 31, 2017

	Carrying value	**1 - 30 days**	**30 - 60 days**	**60 - 90 days**	**> 90 days**
Accounts payable and accrued liabilities	777,402	530,047	205,432	38,745	3,178
Loan payable	379,924	-	94,981	-	284,943
Earn-outs payable	489,230	-	-	-	489,230
	1,646,556	530,047	300,413	38,745	777,351

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.

Share Information

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares. As at the date of this interim report, there were 252.1 million common shares issued and outstanding.