1.1 **Date of Report**

The following information, prepared as of February 29, 2016, should be read in conjunction with the condensed interim financial statements of Wildflower Marijuana Inc. (formerly Sunorca Development Corp.) (the “Company”) for the six months ended December 31, 2015 and 2014. The condensed interim financial statements of the Company for the six months ended December 31, 2015 and 2014 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

1.2 **Overall Performance**

**Nature of Business & Overall Performance**

The Company is incorporated under the British Columbia Business Corporations Act and is a reporting issuer in British Columbia, Alberta and Ontario. Its common shares are listed for trading on the Canadian Securities Exchange under the symbol “SUN”.

In June 2014, the Company closed the purchase of all the assets related to a medical marijuana business (the “Business”) from William W. MacLean. The Business currently comprises securing a property, a 125 acre property in the Agricultural Land Reserve (“ALR”) in Nanoose Bay on Vancouver Island (the Agricultural Land Commission recognizes the growing of medical marijuana as a “farm use” and completely within the scope of the Agricultural Land Commission Act - <http://www.alc.gov.bc.ca/alc/DownloadAsset?assetId=28F687FC8AB640CFB33D46FB3F1B30EC>) where the Regional District has regulations permitting the growing of medical marijuana, a fully completed application to acquire a license under the *Marijuana for Medical Purposes Regulations* (“MMPR”) including all building plans and proprietary designs for the grow facility. As consideration for the acquisition of the assets the Company issued 13,000,000 common shares to Mr. MacLean. Based on the previous closing price of the Company’s shares of $0.05 this would place a value of $650,000 for the acquisition of the Business. These shares are subject to escrow with escrow releases scheduled at periods specified in National Policy 46-201 over 3 years.

The application provides for the possession, sale, delivery, destruction and production of dried marijuana. The proposed growing site for growing the medicinal marijuana in the application is 175 metres by 54 metres with six proposed buildings to be constructed within this area. Each building will be 85 by 15 metres and will encompass several growing rooms. Two of the buildings will house offices, tissue culture lab, processing rooms, a decontamination area, safe and storage areas. The application provides for a build out approach to the site with the first building being constructed for the first year, the second, third and fourth building being constructed for year 2 and the fifth and sixth building in year three. Total growing space will be 10,000 square feet in the first year, 52,000 square feet in year two and 76,000 square feet in year three. The application proposes growing up to 1,455 kilograms of dried marijuana in year one, 6,400 kilograms of dried marijuana in year two and 9,800 kilograms of dried marijuana in year three. The estimated cost per building, including all the equipment inside necessary for growing is estimated at $1,200,000.

On August 7, 2014 the Company announced that it had entered into an option agreement, effective immediately, to acquire an option on an MMPR application which is nearing completion for filing with Health Canada. The application includes a 30 acre site within the ALR located in south Nanaimo and a highly professional expert team. Consideration consists of 500,000 shares of Wildflower within 10 days of a public announcement and a further 6,000,000 shares of Wildflower upon the Vendor receiving its “right to build” a growing facility from Health Canada. Based on the previous closing price of the Company’s shares of $0.18 this would place a value of $1,170,000 for the total consideration for the option agreement, being 6,500,000 shares. The 6,000,000 shares will be subject to a three year escrow agreement. The option will terminate if the Company does not receive its right to build from Health Canada or by mutual consent of the parties to the agreement.

The application provides for the possession, sale, delivery, destruction and production of dried marijuana. The proposed growing site for growing the medicinal marijuana in the application is 123 metres by 49 metres with one proposed building to be constructed within this area. The building will be two stories and be 113 by 40 metres in size encompassing approximately 15 growing rooms. The building will also house offices, a laboratory, processing rooms, a decontamination area, safe and storage areas. Total growing space will be 50,000 square feet in the first year and 82,000 square feet in year two. The application proposes growing up to 7,000 kilograms of dried marijuana in year one and 10,000 kilograms of dried marijuana in year two. The estimated cost of the building and timing for construction cannot currently be made.

The MMPR application process

For those not familiar with the Health Canada’s process for granting a license to grow medicinal marijuana, the process is very stringent and includes:

* Step 1: preliminary screening;
* Step 2: enhanced screening;
* Step 3: security clearance;
* Step 4: review;
* Step 5: ready to build letter;
* Step 6: pre-licence inspection; and
* Step 7: licensing.

The Company cannot make any statement as to when, or if, Health Canada will provide a ready to build letter or complete the initial four steps in the licensing process. Until the Company is granted a license it will not be legally permitted to grow or sell medical marijuana and no license will be granted until a growing facility meeting the rigorous licensing requirements of Health Canada is built and inspected to Health Canada’s satisfaction.

Other Activities

The Company entered into an agreement to replace the previously announced Master Distribution Agreement (See News Release May 28, 2015). Under the terms of the new agreement the Company will acquire the rights to distribute the next generation of disposable vaporizers to the market under the Wildflower brand. Under the original agreement the Company was to distribute the Alcura line of CBD vaporizers. This new agreement allows the Company to produce, market and distribute a Wildflowerbranded line of CBD blends to be used with our new vaporizing technology throughout the majority of the US market.

During the third and fourth quarter of 2015 the Company was formulating various CBD blends to be used with this new technology. The blends are proprietary formulations of CBD and essential oils created by Wildflower in conjunction with its medical advisors which addressesvarious ailments. The Company has completed the design of the packaging and labeling for the various CBD vaporizers and has taken delivery.

The Company’s first order for the vaporizers was received in January 2016 with all vaporizers being sold within the first week. A new website is under construction to illustrate our updated branding and showcase our products as they are launched. Following the release of the CBD vaporizer, an agreement for a THC version of the vaporizer was completed. The CBD and THC products will be made available to all I-502 cannabis retailers (Washington State) through an agreement with a Washington State processor. Currently there are approximately 200 I-502 retailers. On October 12th, 2015 Washington State re-opened the licensing process to allow for additional retailers under I-502 regulations. All cannabis sales will now fall under the responsibility of the Washington State Liquor and Cannabis Board. Spokesperson for the Board, Brian Smith was quoted as saying the number of new licenses his agency can grant is open-ended. There is approximately 800 medical dispensaries facing closure but Mr. Smith stated that approximately 400 will be eligible for new licensing under I-502 regulations. With the majority of these medical dispensaries operating in the Greater Seattle Area and soon having to sell only product from I-502 processors, we believe there is still incredible growth for the industry in Washington State.

The Company has prepared a comprehensive on-line marketing campaign for its CBD vaporizer. The CBD blends are derived from industrial hemp with negligible THC content and can be sold on-line legally in most US States. The CBD vaporizer to be launched in I-502 retail outlets will be a slight variation of the online version containing marginally more THC. Other distribution targets include 4,600 Natural and Health Food stores, 800 Vitamin and Supplements outlets as well as Pharmacies and retail stores throughout Washington State.

In Washington State, licensing requirements stipulate that all license holders and their shareholders, directors, officer and financiers must be Washington State residents. While Wildflower cannot hold any interest in any license in Washington State it can license its brand and provide consulting services. These consulting services will involve the implementation of Wildflower’s Quality Assurance Program, Standard Operating Procedures and Good Manufacturing Practices to ensure all products associated with the Wildflower brand are of the highest quality.

In March 2015, the Company announced entered into a Letter of Intent to form a Licensing Joint Venture (the “Joint Venture”) with a licensed marijuana producer in Washington State. Pursuant to the Joint Venture, Wildflower will grant an exclusive license to manufacture, market and sell certain products, recipes, retail merchandise and promotional materials under the Wildflower brand in the State of Washington. As part of the agreement, Wildflower will issue 1,303,800 shares and pay $250,000 to its Joint Venture partner and contribute $1,100,000 in working capital to develop the brand. In consideration, Wildflower will receive a licensing fee equal to 20% of the gross sales of Wildflower branded products. Wildflower’s joint venture partner has been in the marijuana business since 1998 and has operated a medical dispensary since 2012. The partner has agreed to negotiate in good faith combining these operations into the Joint Venture at such time as the law permits. Washington State is currently developing new rules regulating medical dispensaries. Further, Wildflower will work closely with its Joint Venture partner to implement Wildflower’s Quality Assurance Program, Standard Operating Procedures and Good Manufacturing Practices to ensure the highest quality is produced for the Wildflower brand. As part of the transaction, Wildflower has agreed to pay a commission in accordance with regulatory guidelines.

As Wildflower’s Joint Venture partner is currently producing and selling marijuana and related products, once the transaction closes Wildflower can immediately commence sales of Wildflower branded products. Work has already begun to identify new and unique product lines.

Pursuant to the Joint Venture all production from the license will be sold under the Wildflower brand. In Washington State, licensing requirements stipulate that all license holders and their shareholders, directors, officer and financiers be Washington State residents. While Wildflower cannot have any interest in any license in Washington State it can license its brand and provide consulting services to ensure all products associated with the Wildflower brand are of the highest quality.

The Washington market has approximately 370,000 cannabis users that consume approximately 175 metric tons (175,000,000 grams) of marijuana annually according to a study by the Rand Corporation, approximately double what was predicted by the State of Washington. In comparison, the legal Canadian medicinal market has approximately 59,000 registered patients. Wildflower’s Joint Venture partner is an I-502 production and processing licensee specializing in the manufacturing of cannabis concentrates.

These concentrates will provide the cornerstone to many of the Wildflower product lines such as infused edibles, drinks, oils and topical products to name a few. The production license is a Tier 2 license and is expected to produce approximately 1200 pounds of cannabis in 2015. The processing license allows Wildflower’s Joint Venture partner to make other products from cannabis and distribute to all retail outlets in Washington State. Further, the processing license allows the holder to purchase wholesale cannabis from other producers.

In April 2015, the Company announced has signed a Letter of Intent with a manufacturer of cannabis e-juice. The Joint Venture is established to develop a line of e-juice products for Wildflower. The Joint Venture partner is currently a licensed Tier 3 producer and processor in the State of Washington.

Pursuant to the Joint Venture Wildflower will grant an exclusive license to manufacture, market and sell certain products, recipes, and promotional materials under the Wildflower brand in the State of Washington. As part of the agreement, Wildflower will issue 400,000 shares and pay $85,000 to its Joint Venture partner. In consideration, Wildflower will receive a licensing fee equal to 20% of the gross sales of Wildflower branded products.

In February 2016, the Company announced it reached a major milestone by becoming Canada's first cannabis company to launch a line of products into the legal US cannabis market. The first delivery of Wildflower's disposable vaporizers made their way into retail store shelves in Washington. The vaporizers have reservoirs filled with different blends, four or which were sold into the Washington market. Two blends were high in THC content, the active ingredient in cannabis giving it its narcotic and psychoactive effect. The other two blends had higher CBD contest which is a constituent in cannabis providing health benefits. Additional blends have since been made available.

1.3 **Results of Operations**

The Company had net loss for the six months ended December 31, 2014 of $352,520 (2014 – $780,291). The major differences in the reporting periods include:

* accounting and audit fees of $15,000 (2014 - $11,500) related to professional fees attributed to accounting and annual audit requirements;
* consulting fees and management fees of $116,173 (2014 - $120,853) related to fees paid to the Company’s CEO, CFO and board of directors, as well as individuals providing business consulting services;
* general office and miscellaneous expenses of $4,090 (2014 - $13,143) related to office supplies and incidental expenditures for the Company’s Vancouver-based office;
* investor relations and shareholder communications of $14,789 (2014 - $96,564) related to fees paid to investor relations personnel, costs associated with public relations and advertising campaigns;
* legal fees of $6,196 (2014 - $22,905) related to general corporate matters;
* rent of $53,816 (2014 - $109,265) as the Company began renting office premises, as well as leasing a Washington State manufacturing site;
* share-based payments expense of $133,365 (2014 - $390,293) related to the fair value expense of the 750,000 (2014 – 2,950,000) incentive stock options granted and vested;
* travel and accommodation of $27,791 (2014 - $3,117) related to travel, mainly to Washington State;
* website design $2,101 (2014-$8,499) as the Company worked toward creating a website for Wildflower during the period;
* Realized gain on sale of marketable securities of $Nil (2014 –$159); and
* Rent received of $37,100 (2014 - $9,600) from tenants subletting office space from the Company on a month-by-month basis.

The Company had net loss for the three month period ended December 31, 2015 of $267,271 (2014 – $171,287). The major differences in the reporting periods include:

* accounting and audit fees of $9,250 (2014 - $7,750) related to professional fees attributed to accounting and annual audit requirements
* consulting fees and management fees of $68,173 (2014 - $62,638) related to fees paid to the Company’s CEO, CFO and board of directors, as well as individuals providing business consulting services;
* general office and miscellaneous expenses of $2,268 (2014 - $4,981);
* investor relations and shareholder communications of $14,789 (2014 - $54,524) related to fees paid to investor relations personnel, costs associated with public relations and advertising campaigns;
* rent of $27,765 (2014 - $41,227) as the Company began renting office premises and Washington State manufacturing site;
* share-based payments expense of $133,365 (2014 - $Nil) related to the fair value of 750,000 (2014 – Nil) incentive stock options granted and vested;
* travel and accommodation of $27,379 (2014 - $396) related to travel; and
* website design $98 (2014-$2,546) as the Company worked toward creating a website for Wildflower during the period.

1.4 **Summary of Quarterly Results (*unaudited*)**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Expressed in $ - Quarters ended** | **Dec 15**  **$** | **Sept 15**  **$** | **Jun 15**  **$** | **Mar 15**  **$** | **Dec 14**  **$** | **Sept 14**  **$** | **Jun 14**  **$** | **Mar 14**  **$** |
| **Total Royalty income** | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| **Net Income (loss) for the period** | (267,271) | (85,249) | (349,129) | (189,750) | (171,287) | (609,004) | (1,273,239) | 139,260 |
| **Income (Loss) per share (basic & diluted)** | (0.007) | (0.002) | (0.010) | (0.006) | (0.006) | (0.019) | (0.092) | 0.01 |
| **Total assets** | 408,789 | 369,258 | 354,036 | 324,237 | 280,467 | 427,651 | 423,930 | 957,256 |
| **Total long term liabilities** | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| **Oil & gas properties and deferred expenditures** | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |

1.5 **Liquidity and Capital Resources**

The Company is currently seeking license to grow medicinal marijuana from Health Canada and is exposed to a number of risks and uncertainties inherent to this industry. This activity is capital intensive at all stages and subject to the fluctuations in political views, government regulations, market prices, market sentiment, inflation, and other risks.

The Company currently has no income, but relies primarily on equity financing to fund its business activities and administrative activities. Material increases or decreases in the Company liquidity will be substantially determined by the Company’s ability to move its application forward with Health Canada, as well as its continued ability to raise capital.

During the six months ended December 31, 2015, the Company issued 3,287,830 common shares pursuant to private placement for gross proceeds of $385,675, and issued 140,333 common shares pursuant to the exercise of share purchase warrants for gross proceeds of $33,550.

At December 31, 2015 the Company had working capital of $92,643 (June 30, 2015: $99,445).

1.6 **Off-Balance Sheet Arrangements**

At December 31, 2015, the Company had no material off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any other obligations that trigger financing, liquidity, market or credit risk to the Company.

1.7 **Related Party Transactions**

The Company incurred the following charges from directors and former directors of the Company, companies controlled by directors of the Company or companies with common directors for management and consulting fees and directors fees:

|  |  |  |
| --- | --- | --- |
|  | Six months ended  December 31, | |
|  | **2015** | 2014 |
| William MacLean (CEO) | **$ 60,000** | $ 60,000 |
| Nash Meghji (director, former CEO) | **$ 6,000** | $ 6,000 |
| Stephen Pearce (CFO, director) | **$ 12,000** | $ 12,000 |
| Donna Baillie (director) | **$ 6,000** | $ 6,000 |
|  | **$ 84,000** | $ 84,000 |

The Company had the following amounts due from directors and former directors of the Company, companies controlled by directors of the Company or companies with common directors for prepaid rent and expenses:

|  |  |  |
| --- | --- | --- |
|  | **Six months ended December 31, 2015** | Year ended  June 30, 2015 |
| Flying A Petroleum Ltd. | **$ (6,720)** | $ (6,720) |
|  | **$ (6,720)** | $ (6,720) |

The Company had the following amounts due to directors and former directors of the Company, companies controlled by directors of the Company or companies with common directors:

|  |  |  |
| --- | --- | --- |
|  | **Six months ended December 31, 2015** | Year ended  June 30, 2015 |
| William MacLean (CEO) | **$ 28,500** | $ 26,000 |
| Stephen Pearce (CFO, director) | **$ 13,939** | $ 983 |
| Nash Meghji (director, former CEO) | **$ 18,000** | $ 12,000 |
| Donna Baillie (director) | **$ 18,000** | $ 12,000 |
|  | **$ 78,439** | $ 50,983 |

During the six months ended December 31, 2015, Nil stock options (2014: 2,000,000) were granted to directors and officers, with a fair value of $Nil (2014: $379,819).

Related party charges are measured by the exchange amount, which is the amount agreed upon by the transacting party. Amounts from and due to related parties are unsecured, non-interest bearing with no fixed terms of repayment, accordingly fair value cannot be readily determined.

1.8 **Share Capital**

The Company’s authorized capital consists of 100,000,000 common shares without par value and 100,000,000 preferred shares. As at December 31, 2015, the Company’s issued and outstanding shares are 36,766,600 which have been issued for cumulative consideration of $8,544,601. Subsequent to the period end, the Company closed a private placement and issued 2,150,000 shares for gross proceeds of $215,000, and issued 83,333 common shares in respect of a warrant exercise. As at the date hereof the Company’s issued and outstanding shares are 38,999,933.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Number of Shares** | **Amount** | **Share Purchase Warrants** | **Contributed Surplus** |
|  |  |  |  |  |
| **Balance, June 30, 2014** | **30,006,770** | **$ 7,992,525** | - | **$ 183,383** |
| Shares issued for cash | 4,565,000 | 276,133 | 180,367 | - |
| Shares issued in deposit of property | 200,000 | 30,000 | - | - |
| Share issued in deposit of property acquisition | 500,000 | 75,000 | - | - |
| Shares issued for services | 300,000 | 75,000 | - | - |
| Share issuance costs | - | (17,500) | - | - |
| Share-based payments | - | - | - | 634,662 |
| **Balance, June 30, 2015** | **35,571,770** | **$ 8,431,158** | **$ 180,367** | **$ 818,045** |
| Shares issued for cash | 1,137,830 | 102,642 | 68,033 | - |
| Exercise of warrants | 57,000 | 10,801 | (2,251) | - |
|  |  |  |  |  |
| **Balance, December 31, 2015** | **36,766,600** | **$ 8,544,601** | **$ 246,149** | **$ 818,045** |

**Escrow**

As at December 31, 2015, the Company’s transfer agent held 7,800,000 (June 30, 2015: 7,800,000) shares in escrow. The release of these shares is subject to regulatory approval.

**Subscription receivable and refundable**

As at December 31, 2015, the Company had received subscriptions of $26,900 (June 30, 2015: $127,500). This amount relates to a private placement which was closed subsequent to period end.

As at December 31, 2015, the Company had a subscription refundable of $7,500 (June 30, 2015: $7,500). It has not been paid back to the subscriber.

The Company granted 750,000 incentive stock options during the period ended December 31, 2015, which are exercisable for a term of five years at an exercise price of $0.20 per share. As of the date hereof, there are 4,250,000 incentive stock options outstanding.

During the period ended December 31, 2015, the Company issued 3,456,830 share purchase warrants. 1,306,830 of said warrants are exercisable at an exercise price of $0.30 per share for a period of two years, and 2,150,000 of said warrants are exercisable at an exercise price of $0.15 for a period of two years. During the same period, 140,333 warrants were exercised for gross proceeds of $41,213. As at December 31, 2015, there were 7,881,497 share purchase warrants outstanding. As of the date hereof, there are 7,881,497 share purchase warrants outstanding.

1.9 **Financing**

There were 4,250,000 incentive stock options issued and outstanding as at December 31, 2015, and 4,250,000 incentive stock options issued and outstanding as at the date hereof.

There were 7,881,497 share purchase warrants issued and outstanding as at December 31, 2015, and 7,881,497 share purchase warrants issued and outstanding as at the date hereof.

On July 7, 2015, the Company completed a private placement of 836,831 units at $0.15 per unit for total proceeds of $125,525. Each unit consists of one common share and one share purchase warrant entitling the holder to purchase an additional share at $0.30 per share until July 7, 2017.

On September 4, 2015, the Company completed a private placement of 300,999 units at $0.15 per unit for total proceeds of $45,150. Each unit consists of one common share and one share purchase warrant entitling the holder to purchase an additional share at $0.30 per share until September 4, 2017.

On October 29, 2015, the Company completed a private placement of 2,150,000 units at $0.10 per unit for total proceeds of $215,000. Each unit consists of one common share and one share purchase warrant entitling the holder to purchase an additional share at $0.15 per share until October 29, 2017.

1.10 **Proposed Transactions**

There are no proposed transactions at the date of this report.

1.11 **Future accounting changes**

International financial reporting standards

In 2006, the Canadian Accounting Standards Board (“AcSB”) published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian generally accepted accounting principles with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada’s own generally accepted accounting principles. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 requires the restatement for comparative purposes of amounts reported by the Company for the year ended June 30, 2011.

The Company has carried out a line-by-line review of its financial statements and assessed IFRS and its adoption for 2011, and it is management’s opinion that, with the possible exception of additional notes and possible format changes, the financial reporting impact of the transition to IFRS will not cause significant changes in the preparation and presentation of the Company’s financial statements.

Business combination, consolidated financial statements and non-controlling interest

The CICA issued three new accounting standards in January 2009: Section 1582, Business Combinations, Section 1601, Consolidated Financial Statements and Section 1602, Non-Controlling Interests. These new standards will be effective for fiscal years beginning on or after January 1, 2011. Section 1582 replaces sections 1581 and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to International Financial Reporting Standards IFRS 3 – Business Combinations. The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011.

Sections 1601 and 1602 together replace section 1600, Consolidated Financial Statements. Section 1601, establishes standards for the preparations of consolidated financial statements. Section 1601 applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent

to the corresponding provisions of International Financial Reporting Standards IAS 27 – Consolidated and Separate Financial Statements and applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. The Company is assessing the impact of these new accounting standards on its financial statements.

1.12 **Forward Looking Statements**

Statements throughout this MD&A that are not historical facts may be considered “forward-looking statements.” Some of the statements contained herein including, without limitation, financial and business prospects and financial outlooks may be forward-looking statements which reflect management’s expectations regarding future plans and intentions, growth, results of operations, performance and business prospects and opportunities. Words such as “may”, “will”, “should”, “could”, “anticipate”, “believe”, “expect”, “intend”, “plan”, “potential”, “continue” and similar expressions have been used to identify these forward-looking statements. These statements reflect management’s current beliefs and are based on information currently available to management.

Readers are cautioned not to place undue reliance on these forward-looking statements as the Company’s actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company’s estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that forward-looking statements will materialize.

In particular, this MD&A contains forward-looking statements pertaining to the following:

(i) projections of market prices and costs;

(ii) expectations regarding the ability to raise capital and to conduct exploration and development; and

(iii) expectations regarding recoverability of loan to Suntech and Suntech’s ability to raise financing by going public.

The material assumptions that were applied in making the forward-looking statements in this MD&A include the execution of the Company’s existing plans with respect to Suntech which may change due to changes in the views of the Company or if new information arises which make it prudent to change such plans.

The actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this MD&A, which could materially affect the valuation of the company’s marketable securities:

1. volatility in market prices for oil and natural gas;

(ii) liabilities inherent in oil and natural gas operations;

(iii) uncertainties associated with estimating oil and natural gas reserves competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel;

(iv) incorrect assessments of the value of acquisitions;

(v) geological, technical, drilling and processing problems; and

(vi) changes in legislation or regulatory changes relating to the oil and natural gas industry.

Statements relating to “reserves” or “resources” are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, which the resources and reserves described, can be profitably produced in the future. Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements and the Company is under no obligation to update unless required by applicable securities laws.

1.13 **Risks and Uncertainties**

The process for granting a license to grow medicinal marijuana is very stringent and risky. There can be no assurance the Company the Company will be granted a license.

***Reliance on License*** - The Company’s ability to grow, store and sell medical marijuana in Canada is dependent on the Company’s ability to obtain a License from Health Canada. The Company does not currently hold a License. Although the Company believes it will meet the requirements of MMPR for the License, there can be no guarantee that it will. Even if the Company is able to obtain a License, failure to comply with the requirements of the License or any failure to maintain the License would have a material adverse impact on the business, financial condition and operating results of the Company. In addition, there can be no guarantee that Health Canada will extend or renew the License or, if it is extended or renewed, that it will be extended or renewed on the same or similar terms. Should Health Canada not extend or renew the License or should it renew the License on different terms, the business, financial condition and results of the operation of the Company would be materially adversely affected.

***Factors which may Prevent Realization of Business Objectives*** - The Company is currently in the early development stage. The growing facility has not yet been constructed and growing operations have not commenced. Adverse changes or developments affecting construction of the growing facility and commencement of production could have a material and adverse effect on the Company’s business, financial condition and prospects. There is a risk that these additional resources will not be achieved on time, on budget, or at all, as they can be adversely affected by a variety of factors such as:

* delays in obtaining, or conditions imposed by, regulatory approvals;
* plant design errors;
* environmental pollution;
* non-performance by third party contractors;
* increases in materials or labour costs;
* construction performance falling below expected levels of output or efficiency;
* breakdown, aging or failure of equipment or processes;
* contractor or operator errors;
* labour disputes, disruptions or declines in productivity;
* inability to attract sufficient numbers of qualified workers;
* disruption in the supply of energy and utilities; and
* major incidents and/or catastrophic events such as fires, explosions, earthquakes or storms.

It is also possible that the final costs of the constructing the growing facility and commencing production may be significantly greater than anticipated by the Company’s management, and may be greater than funds available to the Company, in which circumstance the Company may curtail, or extend the timeframes for completing, its business plans. This could have an adverse effect on the financial results of the Company.

***Regulatory Risks*** - The activities of the Company will be subject to intense regulation by governmental authorities, particularly Health Canada. Achievement of the Company’s business objectives are contingent, in part, upon compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products. The Company cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of the Company.

1.14 **Disclosure Controls and Procedures**

Disclosure controls and procedures are designed to provide reasonable assurance that material information is gathered and reported to senior management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to permit timely decisions regarding public disclosure.

Management, including the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2015.  Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the Company’s disclosure controls and procedures, are effective to ensure that information required to be disclosed in reports that are filed or submitted under Canadian securities legislation are recorded, processed, summarized and reported within the time period specified in those rules.

1.15 **Other MD&A Requirements**

Additional information relating to Wildflower Marijuana Inc., (formerly Sunorca Development Corp.) can be found on SEDAR at [www.sedar.com](http://www.sedar.com)., or at the Company’s head office at:

711-675 W. Hastings Street, Vancouver, British Columbia V6B 1N2

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