CANADA HOUSE WELLNESS GROUP INC.

Management's Discussion and Analysis

For the Three and Nine Months Ended January 31, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management's Discussion and Analysis ("**MD&A**") of Canada House Wellness Group Inc. (the "**Company**") was prepared in accordance with National Instrument 51-102 *Continuous Disclosure Obligations* and should be read in conjunction with the unaudited condensed interim consolidated financial statements and related notes thereto of the Company for the three and nine months ended January 31, 2017 and 2016 (the "**Financial Statements**"). The Company files its Financial Statements, press releases and other required disclosure documents on the SEDAR database at www.sedar.com.

The Company prepared the Financial Statements in accordance with International Financial Reporting Standards ("**IFRS**"). Except where otherwise indicated, all financial information reflected herein is expressed in Canadian Dollars.

This MD&A may contain information and declarations on the future performance of the Company that are, by nature, forward looking. These declarations reflect management's expectations regarding future events based on assumptions and uncertainties that are subject to the risk factors identified in the ''Risks and Uncertainties'' section of this MD&A. Readers are hereby cautioned.

The Financial Statements and MD&A of the Company in respect of the three and nine months ended January 31, 2017 were reviewed and approved by the Board of Directors of the Company on April 3, 2017. The effective date of the MD&A is April 3, 2017.

OVERVIEW

The Company was incorporated under the *Business Corporations Act* (British Colombia) and continued under the *Canada Business Corporations Act.* The Company is listed on the Canadian Stock Exchange (the "**CSE**") under the symbol "CHV". The address of the registered office is 1773 Bayly Street, Pickering, Ontario.

Business Overview

Abba Medix Corp. ("**Abba Corp.**" and together with the Company, the "**Group**"), a wholly-owned subsidiary of the Company, is an Ontario corporation established in 2013 to capitalize on the changing rules governing medical marijuana production in Canada. On April 1, 2014, Health Canada repealed the *Marihuana Medical Access Regulations* (the "**MMAR**") and enacted the *Marihuana for Medical Purposes Regulations* (the "**MMPR**") which established the new regulatory framework governing the production and distribution of medical cannabis for patients across Canada.

Abba Corp. filed an application with Health Canada in November of 2013 to obtain a license to cultivate and sell medical cannabis (the "**License**") and become a licensed producer (a "**Licensed Producer**") under the MMPR (now the *Access to Cannabis for Medical Purposes Regulations* "**ACMPR**"). Abba Corp. has secured a 45,000 square foot facility in Pickering, Ontario (the "**Facility**") to support its production plans and has invested over $1,700,000 in the first phase of the plan that includes 14,500 square feet of production space. Upon receipt of the License, Abba Corp. will continue to build out the Facility as production demand increases and financing allows.

While there can be no guarantee as to the successful outcome of Abba Corp.'s application for the License, nor as to the timeframe within which such application will be processed by Health Canada, it is the Group's goal to create one of the most technologically advanced and secure facilities in Canada in compliance with applicable rules and regulations.

Acquisition of 672800 NB Inc. and The Longevity Project Corp.

On June 15, 2016, the shareholders of the Company entered into a Share Exchange Agreement (the "**Agreement**") with the shareholders of 672800 NB Inc ("MFT") and The Longevity Project Corp. ("TLP") (together the "**Target Shareholders**") to exchange a sufficient amount of shares of the Company for all of the issued and outstanding shares of MFT and TLP (the "**Transaction**"), such that immediately following the completion of the Transaction on November 7, 2016, approximately 66% of all of Company's issued and outstanding shares were owned by the Target Shareholders. In connection with the Transaction, the Company effected a consolidation of their common shares such that each one and one-half pre-consolidation common shares became one post-consolidation common share in the resulting issuer (the "**Share Consolidation**").

In connection with the Acquisition, the Company completed a share consolidation whereby each pre-consolidation common share of the Company was exchanged for one post-consolidation common share of the Company, on the basis of one (1) post-consolidation common share for every one and one half pre-consolidation common shares (the "**Consolidation**"). All units of common shares, warrants and options, along with unit prices, have been retroactively restated for all periods on a post-consolidation basis in this MD&A.

The Company acquired all of the issued and outstanding common shares of MFT and TLP in exchange for the following consideration:

i. A cash payment of $250,000;

ii. The issue of such number of common shares of the Company as would represent approximately 66% of all of the Company's issued and outstanding common shares immediately post-acquisition (being 64,272,824 common shares); and

iii. Cash payments totaling $4,000,000 payable over a period of up to three years from the closing date with the timing of such payments dependent upon MFT and TLP, on a continued basis achieving certain EBITDA performance targets at certain milestones.

During the period ended January 31, 2017, the Acquisition was completed through the issuance of 64,272,824 common shares of the Company and a cash payment of $250,000 to the shareholders of the MFT and TLP.

In connection with the Acquisition, the Company completed a private placement offering (the "**Offering**") for gross proceeds of $6,025,000. The Offering consisted of 19,001,000 equity units (the "**Equity Units**") and 1,275 convertible debenture units (the "**Convertible Debenture Units**"). Each Equity Unit consists of one common share and warrant which will entitle the holder to purchase one common share of the Company at a price of $0.40 per share for a period of 24 months following the issuance of the warrant. Each Convertible Debenture Unit consists of one 8.5% secured convertible debenture ("**Convertible Debentures**") with a principal amount of $1,000 with a maturity date ("**Maturity Date**") of 48 months from the date of issuance, and 1,000 detachable convertible debenture warrants (each, a "**CD Warrant**"). Each Convertible Debenture shall be convertible at the holder's option into fully-paid common shares of the Company (each a "**CD Share**") at any time prior to the Maturity Date at a conversion price of $0.40 per CD Share being a ratio of 2,500 CD Shares per $1,000 principal amount of Convertible Debentures. Each CD Warrant shall be exercisable into one common share of the Company (each, a "**CD Warrant Share**") at a price of:

(a) $0.40 per CD Warrant Share between the date the escrow release conditions are met (the "**Escrow Release Date**") and the date that is 24 months from the Escrow Release Date;

(b) $0.75 per CD Warrant Share between the date that is 24 months from the Escrow Release Date and the date that is 36 months from the Escrow Release Date; and

(c) $1.00 per CD Warrant between the date that is 36 months from the Escrow Release date and the Maturity Date.

In connection with the Offering, the Company paid commissions and expenses of $410,141 and issued 2,410,100 compensation options to the agent (the "**Compensation Options**"). Each Compensation Option is exercisable at any time up to 36 months following the Escrow Release Date, to acquire one Equity Unit from treasury at the Equity Offering Price (as defined in the Compensation Options).

In connection with the Acquisition, the Company changed its name to "Canada House Wellness Group Inc.". A special meeting of the Shareholders of the Company was called and took place on October 18, 2016 (the "**Meeting**") where Shareholders approved, among other things, a change of the Company's name to "Canada House Wellness Group Inc." (the "**Name Change**") and the Consolidation. A management information circular in respect of the Meeting was delivered to Shareholders and filed on SEDAR.

The Acquisition constituted a "fundamental change" under CSE Policy 8 and therefore, the Common Shares of the Company have been halted from trading and remained halted until November 9, 2016 at which point the Common Shares began trading under the name Canada House Wellness Group Inc. and the ticker symbol "CHV".

Business Developments During the Three and Nine Months Ended January 31, 2017

MFT is a veteran owned and operated company whose mission is to improve the quality of life for anyone suffering from post-traumatic stress disorder, chronic pain and/or other medical conditions. MFT does not currently grow or distribute cannabis. MFT provides services to assist their patients in selecting a Licensed Producer, identify appropriate strains, and consult and support patients regarding the use of medical cannabis. Since its inception, MFT has directly supported hundreds of veterans across the country with first class service and care. MFT continues to provide a community environment for those engaged in the process of healing with a focus on support during the various steps of the program.

TLP, through its client services platforms, including the "*Plants Not Pills"* program, has provided resources to Canadians considering medical cannabis as an alternative to prescription medication. They have assembled a team of knowledgeable wellness consultants who guide and support clients in understanding safe and effective treatments for their conditions.

The foundation of the Company's business after completion of the Acquisition will be to aggressively expand the footprint of wellness centres across Canada to provide veteran and first responder wellness services. Beyond the basic wellness services currently offered, services and products ancillary and adjuvant to cannabinoid therapy through integrated clinical offerings are currently being investigated. These extended clinical services are fully accretive to the current business and will further the mission and vision of the Company to meaningfully improve the quality of lives for veterans and first responders.

Following the completion of the Acquisition, in addition to pursuing the License under the ACMPR, the Company has continued to carry on the respective business of MFT and TLP with a focus towards a rollout of 'total' health clinics across Canada. Adhering to best clinical practices, patients of these clinics are properly medically managed and supported with services and products ancillary and adjuvant to cannabinoid therapy through integrated clinical offerings. Beyond the basic wellness services currently offered, services and products ancillary and adjuvant to cannabinoid therapy through integrated clinical offerings are currently being investigated. These extended clinical services are fully accretive to the current business and will further the mission and vision of the company to meaningfully improve the quality of lives for veterans and first responders. When, and if, Abba Corp. successfully obtains a License, Abba Corp. will produce and sell medical cannabis in Canada pursuant to the ACMPR.

The Company will continue to provide patients with wellness services and subsequent total health solutions, primarily to the veteran patient and first responder population in support of cannabinoid therapy through its nationwide network of clinical wellness centers. The Acquisition resulted in the Company having 12 clinics across the country, with the intention to increase the number of clinics over the next six months. The Company will offer a full range of support and professional services, including medical cannabis, mental health services, complementary and alternative medical services.

Abba Corp. is still awaiting approval of its 14,500 square foot state-of-the-art production Facility in Pickering, Ontario. The Facility will be ready to commence operations upon the receipt of the License, and the Company is working closely with Health Canada on a regular basis to ensure that the Facility and the associated standard operating procedures are in compliance with the MMPR (now ACMPR) and ready for a pre-license inspection by Health Canada. Abba Corp.'s application is in the review stage of the licensing process, as is more particular described in *Risks and Uncertainties – Licensing Requirements under the MMPR/ACMPR*.

The Canadian medical cannabis marketplace continues to experience changes at a rapid pace. On June 11, 2015 the Supreme Court of Canada, in a case titled *R v. Smith* ("**Smith**"), held that the restriction on the use of non-dried forms of cannabis for medical cannabis users violates the right to liberty and security of individuals in a manner that is arbitrary and not in keeping with the principles of fundamental justice. As a result, the Supreme Court of Canada declared Sections 4(1) and 5(2) of the *Controlled Drugs and Substances Act* (**"CDSA"**), which prohibit the possession and trafficking of nondried forms of cannabis, are of no force and effect to the extent that they prohibit a person with medical authorization from possessing cannabis other than dried cannabis. This ruling means medical cannabis patients authorized to possess and use medical cannabis are not limited to using dried forms of cannabis and may consume cannabis other than dried cannabis for medical purposes. On July 8, 2015 Health Canada issued certain exemptions under the CDSA, permitting Licensed Producers to produce and sell cannabis oil and fresh cannabis buds and leaves, in addition to dried cannabis (this did not permit Licensed Producers to sell plant material that can be used to propagate cannabis).

As a response to the decision rendered on February 24, 2016 in *Allard v. Canada* ("**Allard**"), the Federal Government introduced new regulations, the ACMPR. On August 24, 2016 the ACMPR replaced the MMPR as the regulations governing Canada's medical cannabis program. The ACMPR enables an individual to produce their own cannabis for personal use, or designate someone to produce it for them, however, the ACMPR also substantively incorporates the regulatory framework established under the MMPR for Licensed Producers, including allowing patients to purchase cannabis directly from Licensed Producers. In addition, the ACMPR enable the production and sale by Licensed Producers of starting materials, including cannabis seeds and plants.

The decision of the Federal Court in Allard and the decision of the Supreme Court of Canada in Smith, both had significant impact on the operating assumptions of the industry. Management continues to monitor the industry very closely from every direction and continues to seek opportunities that can be expected to bring value to the Company and its shareholders.

Abba has completed the construction of the first phase of the Facility comprising 19,000 square feet of commercial space, encompassing offices, flowering rooms, vegetative rooms, a nursery and required vault and storage space. As a result, the Facility has the capacity to produce an expected production of 104kg of cannabis per month, subject to the terms and conditions of the License. The completion of the second and third phases of the Company's Facility has been postponed until the Company raises sufficient financing.

In an effort to improve the Company's liquidity position, the Company entered into several debt settlement agreements during the period ended January 31, 2017. The result of the settlements was the issuance of cash payments totaling $260,000 and 688,833 common shares with an aggregate fair value of $343,420 to settle various debts totaling $945,887. As a result, a gain on the settlement of debt has been included in the statement of comprehensive loss for the three and nine month periods ended January 31, 2017. Subsequent to the period ended January 31, 2017, the Company entered into other debt settlement agreements pursuant to which the Company made cash payments of $445,000 and issued 734,758 common shares of the Company to settle aggregate debt of $818,772, resulting in a gain on settlement of $17,688.

In addition to these debt settlements, the Company received notices of conversion from holders of convertible promissory notes to convert principal and accrued interest of $264,024 into 1,625,958 common shares of the Company.

Going Concern

The Financial Statements have been prepared on the going concern basis, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

As of April 2, 2017, Abba Corp. has yet to receive its License from Health Canada. The Group's ability to continue as a going concern is dependent upon, but not limited to, obtaining the License, becoming a Licensed Producer, its ability to raise financing necessary to discharge its liabilities as they become due and its ability to generate positive cash flows from operations. During the nine months ended January 31, 2017, the Company incurred a net loss comprehensive loss of $21,167,917. As at January 31, 2017, the Company had current assets of $3,774,535 and current liabilities of $4,338,698 resulting in a working capital deficiency of $564,163.

These conditions have resulted in material uncertainties that may cast significant doubt about the Group's ability to continue as a going concern in the foreseeable future. The Financial Statements do not give effect to adjustments that may be necessary, should the Group be unable to continue as a going concern. If the going concern assumption is not used then the adjustments required to report the Group's assets and liabilities at liquidation values could be material to the Financial Statements.

Selected Information Table

The following table summarizes certain financial data related to the Company and should be read in conjunction with the Company's audited financial statements for the year ended April 30, 2016.

	As at and for the Year Ended April 30, 2016 $	As at and for the Year Ended April 30, 2015 (Unaudited) $
Income (Loss) for the period	555,356	(5,017)
Current assets	989,460	444,878
Non-current assets	166,654	113,477
Current liabilities	872,025	296,136
Non-current liabilities	69,779	332,265
Working capital (deficiency)	117,435	148,742
Deferred income tax liability	11,504	-
Share capital	98	100
Shareholders' equity (deficit)	214,310	(61,046)
Earnings (Loss) per share – basic and diluted	5,667	(50)

Quarterly Results

Fiscal Quarter	Revenues (Unaudited)	Net income (loss) (Unaudited)	Net earnings (loss) per share - basic and diluted (Unaudited)
	$	$	$
Year ended April 30, 2017			
Quarter ended January 31, 2017	1,714,355	(21,383,345)	(0.19)
Quarter ended October 31, 2016	1,788,068	118,107	1205.17
Quarter ended July 31, 2016	1,493,649	97,321	993.07
Year ended April 30, 2016			
Quarter ended April 30, 2016	1,572,823	215,223	2,196.15
Quarter ended January 31, 2016	630,387	152,724	1542.67
Quarter ended October 31, 2015	656,410	308,206	3,082.06
Quarter ended July 31, 2015	226,244	(120,797)	(1,207.97)
Year ended April 30, 2015			
Quarter ended April 30, 2015	414,513	66,827	668.27

RESULTS OF OPERATIONS

Revenues

The Company had revenue of $1,714,355 and $4,996,072 for the three and nine month periods ended January 31, 2017. These amounts represent increases of $1,083,968 and $3,483,051 when compared to the three and nine month periods ended January 31, 2016 respectively.

The growth in the Company's revenues are attributable to several factors. In addition to adding a significant number of customers, the number of licensed producers under contract grew from four in May 2015 to nine by the end of January 2017. In addition, the Company has added six additional clinics during the nine month period ended January 31, 2016.

Revenue earned from clients under contract during the three months ended January 31, 2016 of $630,387 grew by $72% to produce revenue of $1,084,666 from these same clients during the during the three months ended January 31, 2017. These clients produced revenues of $1,488,650 during the nine months ended January 31, 2016, and revenues of $3,442,418 during the nine months ended January 31, 2017, representing growth in revenue of 131%. The remaining revenue of the three and nine months ended January 31, 2017 of $1,083,968 and $1,553,654, respectively, came from the addition of new clients.

Expenses

Total expenses for the nine months ended January 31, 2017 were $26,428,357, the majority of which relate to expenses of the Acquisition. Included in this amount were non-cash expenses of $75,366 related to the amortization of its property and equipment, $399,059 related to share based compensation expense related to the vesting of 5,100,000 stock options granted during the three and nine month periods ended January 31, 2017, and non-cash transaction costs of $20,049,463. Total expenses for the nine months ended January 31, 2016 were $1,199,612 and included $31,431 of non-cash amortization expense. During the nine months ended January 31, 2017, the Company realized a gain on the settlement of various debts in the amount of $342,467. This amount, when combined with interest income of $8,847 resulted in net expenses of $26,077,043 for the nine month period ended January 31, 2017.

Total expenses for the three months ended January 31, 2017 were $23,483,591, the majority of which relate to expenses of the Acquisition, as was the case during the nine month period. Included in this amount were non-cash amortization expenses of $46,611, $399,059 of share based compensation expense and non-cash transaction costs of $20,049,463. Total expenses for the three months ended January 31, 2016 amounted to $477,663 and included $10,477 of non-cash amortization expense. During the three months ended January 31, 2017, the Company realized a gain on the settlement of various debts in the amount of $342,467. This amount, when combined with interest income of $8,847 resulted in net expenses of $23,132,277 for the three month period ended January 31, 2017.

The transaction costs of $20,369,745 incurred during the three and nine month periods ended January 31, 2017, include cash expenses paid for professional fees of $320,282. The remaining expenses relate to non-cash charges of $1,685,014 related to the fair value of warrants issued to an officer, a former director and a consultant. The remaining transaction costs of $18,364,449 relate to one-time, non-cash accounting fair value measurements of the common shares issued to effect the Acquisition.

The Company incurred advertising and promotion expenses of $223,214 and $544,585 during the three and nine months ended January 31, 2017 respectively. These amounts represent increases of

$134,752 and $338,832 when compared to expenses of $88,462 and $205,753 for the three and nine month periods ended January 31, 2016. The Company has increased efforts to aggressively market their business to increase business at their current locations and new and prospective locations. As such they have incurred much larger advertising expenses related to signage, brand development and marketing, attendance at trade shows, display and promotional material, and vehicle advertising. As the number of locations grow, and the Company expands its geographical footprint, advertising and promotional expenses will continue to grow.

As a result of the addition of the number of locations and clients, the increased clinic fees paid by the Company to various physicians have driven the increase in memberships and licenses expenses from $41,258 to $181,436 for the three month periods ended January 31, 2016 and 2017 respectively, and from $111,465 to $403,710 for the nine month periods ended January 31, 2016 and 2017. These fees are a function of the number of the Company's clients and will continue to increase as the Company grows.

As the Company has continued to add new locations, rental expense has increased year-over-year. Rental expense for the three month period ended January 3, 2017 was $255,492, an increase of $212,717 when compared to rental expense of $42,775 during the three month period ended January 31, 2016. Similarly, rental expense for the nine month period ended January 31, 2017 increased by $306,861 from $105,465 during the nine months ended January 31, 2016 to $413,769 during the nine months ended January 31, 2017. The number of the Company's clinics has risen from 3 locations in May of 2015 to 12 by the end of January 2017. The Company also added a consultation office in Fredericton, New Brunswick and a separate head office location in Oromocto, New Brunswick.

As a result of the expansion of the Company into new locations across Canada, as well as growth in the overall scope of the operations, professional fees that include legal and accounting fees, increased from $39,622 and $106,908 during the three and nine month periods ended January 31, 2016 to $321,207 and $603,270 during the three and nine month periods ended January 31, 2017. The increased fees are the result of increased compliance costs, building and property procurement as well as other general legal and accounting matters and are a function of the stage of growth of the Company is currently in.

During the three and nine month periods ended January 31, 2017, the Company incurred salaries, wages and commission expenses of $1,014,438 and $2,247,047. These amounts represent increases of $907,201 and $1,977,536 when compared to the three and nine month periods ended January 31, 2016. The increases are a function of the growth of the Company which has resulted in the addition of several employees, including more members of senior management and additional departments such as IT. The number of employees at MFT's head office grew from 15 to 34 over the period in addition to the increase in the number of chapters from 3 in May of 2015 to 14 by the end of January 2017.

While the geographical footprint of the Company has increased year-over-year, so too has the Company's travel expenses. Travel expenses for the three month period ended January 31, 2017 were $204,545, an increase of $150,464 when compared to travel expenses of $54,081 for the three month period ended January 31, 2016. Travel expenses for the nine month period ended January amounted to $394,145 an increase of $284,060 when compared to expenses of $110,085 for the three months ended January 31, 2016. These increase, as noted above, relate to an increase in the size of the Company's operations. As additional locations are added, there is additional travel associated with scouting out new locations, additional travel for management to visit the locations and increased travel expenses resulting from the increased number of employees.

During the three and nine month period ended January 31, 2017, the Company issued 1,275 convertible debentures with aggregate principal of $1,275,000. In connection with the issuance of these debentures as well as some already outstanding convertible promissory notes, the Company incurred interest expense of $33,052, and interest accretion expense of $32,691 during the three and nine month periods ended January 31, 2017. The Company did not have any such charges during the three and nine month periods ended January 31, 2016.

The Company incurred overall increases in several other expense categories during the three and nine month periods ended January 31, 2017 when compared to the same periods ended January 31, 2016 as a result of the overall increase in the size and scope of the Company.

CHANGE IN FINANCIAL POSITION

The following table summarizes certain financial data related to the Company and should be read in conjunction with the Company's condensed interim consolidated financial statements for the three and nine months ended January 31, 2017 and 2016.

	Three Months Ended		Nine Months Ended	
	January 31, 2017 $	January 31, 2016 $	January 31, 2017 $	January 31, 2016 $
Cash flow generated by (used in)operating activities	(1,731,342)	252,947	(1,148,918)	372,705
Cash flow generated by (used in) investing activities	(1,448,402)	(74,459)	(1,675,773)	(97,296)
Cash flow generated by (used in) financing activities	4,822,313	(74,205)	4,693,782	(223,837)
Net increase (decrease) in cash	1,642,568	104,283	1,869,090	51,572

Operating Activities

Cash flows used in operating activities were $1,731,342 for the three months ended January 31, 2017, compared to cash flows generated of $252,947 for the three months ended January 31, 2016. Cash flow used in operating activities for the nine months ended January 31, 2017 were $1,148,918, compared to cash flows generated by operations of $372,705 during the nine months ended January 31, 2016. The increase in the amount of cash used in operating activities is primarily attributable to the payment and settlement of a significant amount of the Company's accounts payable and accrued liabilities following completion of the Acquisition.

Investing Activities

Cash flows used in investing activities were $1,448,402 and $1,675,773 for the three and nine months ended January31, 2017, compared to cash flows used of $74,459 and $97,296 for the three and nine months ended January 31, 2016. During the three and nine month periods ended January 31, 2017, the Company had significant investment in property and equipment which included the purchase of an office building and its land, as well as a second parcel of land.

Financing Activities

Cash flows provided by financing activities were $4,822,313 and $4,693,782 for the three and nine months ended January 31, 2017 and were driven by the issuance of 19,001,000 Equity Units each containing one common share of the Company and one share purchase warrant for gross proceeds of $4,750,000 and the issuance of 1,275 Convertible Debenture Units which included one $1,000 principal convertible debenture and one common share purchase warrant for gross proceeds of $1,275,000. Cash flows used in financing activities for the three and nine month periods ended January 31, 2016 were $74,205 and $223,837 respectively and relate to the repayment of debt.

Consolidated Statements of Financial Position

The total current assets of the Company amounted to $3,774,535 as at January 31, 2017, compared to $989,460 as at April 30, 2016. The most significant changes between the two dates relates to increases in the amount of cash related to the financings discussed previously as well as an increase in accounts receivable and other short term receivables.

The Company's current liabilities as at January 31, 2017 amounted to $4,338,698 compared to $872,025 as at April 30, 2016. In addition to accounts payable and accrued liabilities of $2,827,500, the balance includes other items of short term debt such as amounts due to shareholders and convertible promissory notes as well as the convertible debentures discussed previously and sales and income taxes.

During the three and nine months ended January 31, 2017 the Company negotiated debt settlements with various vendors for amounts included in its current liabilities as discussed previously

Issued and Outstanding Shareholders' Equity

Share Capital

The Company's shares are traded on the CSE under the symbol "CHV".

During the nine months ended January 31, 2017, the Company:

a) Issued 109,382,968 common shares of the Company in connection with the Transaction discussed in note2.

b) Issued 19,001,000 Equity Units at a subscription price of $0.25 per Equity Unit for gross proceeds of $4,750,250. Each Equity Unit consists of one common share and one common share purchase warrant. Of the total gross proceeds received, $1,968,327 was allocated to warrants.

In connection with the issuance of the Equity Units and the Convertible Debentures Units, the Company paid commissions and professional fees of $536,694 and issued 2,401,100 broker warrants, the fair value of which was $577,240.

c) Issued 688,833 shares pursuant to various debt settlement agreements to settle outstanding debt of $679,622. The fair value of the common shares issued pursuant to the debt settlement agreements was $343,420, resulting in a gain on the settlement of debt of $336,202.

d) Issued 1,625,958 common shares pursuant to the conversion of promissory notes payable in the aggregate principal and accrued interest of $264,024.

e) Issued 100,000 common shares pursuant to the exercise of 100,000 warrants.

f) Cancelled 12,000,000 common shares in connection with the Acquisition.

As of April 3, 2017, the Company has 119,533,615 issued and outstanding voting participating common shares.

Warrants

As of April 3, 2017, the Company had the following warrants outstanding:

i. 3,558,482 warrants are exercisable at $0.375 per share exercisable until March 13, 2018

ii. 19,001,000 warrants exercisable at $0.40 per share exercisable until November 7, 2018.

iii. 1,275,000 CD Warrants exercisable at a price of:

   a. $0.40 per CD Warrant Share between the date the escrow release conditions are met (the "**Escrow Release Date**") and the date that is 24 months from the Escrow Release Date;

   b. $0.75 per CD Warrant Share between the date that is 24 months from the Escrow Release Date and the date that is 36 months from the Escrow Release Date; and

   c. $1.00 per CD Warrant between the date that is 36 months from the Escrow Release Date and the Maturity Date.

iv. 1,333,334 warrants exercisable at $0.25 per share exercisable until November 7, 2019.

v. 15,000,000 warrants exercisable at $0.25 per share exercisable until November 7, 2021.

vi. 2,401,100 warrants exercisable at $0.25 per share exercisable until November 7, 2019.

Stock Options

As of April 3, 2017, the Company had 5,100,000 stock options outstanding, each of which allow the holder to acquire one common share at an exercise price of $0.25 for a period of five years from the grant date.

Related Party Transactions

During the nine months ended January 31, 2017 the Company incurred the following related party transactions:

a) A total of $51,432 in occupancy expenses were charged by a company whose shareholders are related to the shareholders of one of the Company's corporate shareholders. As at January 31, 2017, prepaid expenses included $48,802, deferred lease inducement included $8,753 and accounts payable and accrued liabilities included $17,359 payable to this company.

b) A total of $6,000 of accounting fees and $6,000 of consulting fees were charged by an accounting firm in which an officer of the Company is a partner. As at January 31, 2017, accounts payable and accrued liabilities included $200,582 payable to this accounting firm.

c) A total of $364,689 of salaries were charged by the various officers, directors and key members of the Company's management team.

d) A total of $172,868 of professional fees were charged by an accounting firm in which a former director of the Company is a partner. As at January 31, 2017, accounts payable and accrued liabilities included $12,560 payable to this accounting firm.

e) The amount of stock-based compensation expense for the period ended January 31, 2017 related to stock options granted to directors and key members of management during the period ended January 31, 2017 was $399,059.

Included in transaction costs for the period ended January 31, 2017 is $1,685,014 related the fair value of warrants issued to a director and officer, a former director and a key member of management.

All related party transactions were in the normal course of operations and are measured at the exchange amount.

Subsequent Events

Subsequent to January 31, 2017:

a) 100,000 stock options expired unexercised.

b) In addition to making cash payments of $445,000, the Company issued 734,758 common shares to creditors pursuant to debt settlement agreements to settle aggregate debt of $818,772. The fair value of the shares was estimated to be $356,084, which resulted in the Company incurring a gain on the settlement of debt of $17,688. The cash payments made pursuant to the debt settlements amounted to 54% of the debt owed by the Company.

Off Balance Sheet Arrangements

To the best of management's knowledge, there are no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company.

Statement of Compliance

The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") and their interpretations issued by the IFRS Interpretations Committee ("**IFRIC**") and were approved by the Company's Board of Directors on April 3, 2017.

Basis of Presentation

The Financial Statements, presented in Canadian Dollars, have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value.

Basis of Consolidation

The condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Abba, MFT, TLP its wholly-owned subsidiary Ananda Clinics Inc. ('Ananda").

The financial statements of subsidiaries are included in the condensed interim consolidated financial statements from the date that control commences until the date control ceases. The

subsidiaries are controlled by the Company, as the Company is exposed, or has rights, to variable returns from its involvement with the subsidiaries and has the ability to affect those returns through its power over the subsidiaries by way of its ownership of all of the issued and outstanding common shares of the subsidiaries.

The functional currency of the Company and its subsidiaries is the Canadian Dollar, which is the presentation currency of the condensed interim consolidated financial statements.

Intercompany balances and transactions, and unrealized gains arising from intercompany transactions are eliminated in preparing the consolidated financial statements.

Recent Accounting Pronouncements and Amendments Not Yet Effective

IFRS 9 "Financial Instruments" was issued in final form in July 2014 by the IASB and will replace IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 also includes requirements relating to a new hedge accounting model, which represents a substantial overhaul of hedge accounting which will allow entities to better reflect their risk management activities in the financial statements. The most significant improvements apply to those that hedge non-financial risk, and so these improvements are expected to be of particular interest to non-financial institutions. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, however early adoption is permitted.

IFRS 16 Leases was issued in January 2016 and replaces IAS 17 Leases. Under IAS 17, lessees were required to make a distinction between a finance lease and an operating lease. If the lease was classified as a finance lease, a lease liability was included on the statement of financial position. IFRS 16 now requires lessees to recognize a right of use asset and lease liability reflecting future lease payments for virtually all lease contracts. The right of use asset is treated similarly to other non-financial assets and depreciated accordingly. The lease liability accrues interest. The IASB has included an optional exemption for certain short term leases and leases of low value assets; however, this exemption can only be applied by lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the identified asset's use and obtain substantially all the economic benefits from that use. IFRS 16 is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted if IFRS 15, Revenue from Contracts with Customers, is also applied.

In January 2016, the IASB issued the disclosure initiative amendments to IAS 7, statement of Cash Flow. The amendment will require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash and non-cash changes.

The Company has not yet completed its evaluations of the effect of adopting the above standards and amendment and the impact it may have on its consolidated financial statements.

Critical Accounting Estimates, Judgements and Assumptions

The preparation of the Financial Statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amounts of income and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

The key sources of information about judgments, estimates and assumptions uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the Financial Statements are:

- Going concern - the ability of the Company to continue as a going concern;
- Valuation of other receivables - the recoverability of other receivables;
- Estimated useful lives – the estimated useful lives of property, equipment and intangible assets and the related depreciation;
- Income taxes valuation – the provision for income tax recovery and the composition of deferred tax assets and liabilities;
- Share-based payments – the inputs used in accounting for share-based payment expense;
- Options and warrants - valuation of options and warrants included in shareholders' equity, including volatility;
- Financial Instruments - the fair value of financial instruments;
- Impairment – the assessment of events or changes in circumstances that indicate that carrying value of property and equipment may not be recoverable;
- Contingencies – the inputs used in determining any potential contingencies; and
- Goodwill- the assessment of events or changes in circumstances that indicate that carrying value of goodwill may not be recoverable.

Management has determined that judgments, estimates and assumptions reflected in the Financial Statements are reasonable.

FINANCIAL INSTRUMENTS

Fair Values

The carrying amounts for the Company's cash, other receivables, amounts due to / from a related company, short-term advances to/from a related party, accounts payable and accrued liabilities, amounts due to directors, promissory notes and convertible promissory notes approximate their fair values because of the short-term nature of these items.

RISKS AND UNCERTAINTIES

Carefully consider the following risk factors in addition to the other information contained in this document. The risks presented below may not be all the risks that the Group may face. Additional risks and uncertainties may also impair its business operations.

It is believed that these are the factors that could cause actual results to be different from expected and historical results. Other sections of this MD&A include additional factors that could have an effect on the business and financial performance of the business. The markets in which the Group currently compete are very competitive and change rapidly. New risks may emerge and management may not be able to predict all of them, or be able to predict how they may cause actual

results to be different from those contained in any forward-looking statements. If any of these risks actually occur, the Company's business may be harmed and results of operations and financial condition may suffer.

Market risks

The Group's securities trade on public markets and the trading value thereof is determined by the evaluations, perceptions and sentiments of both individual investors and the investment community taken as a whole. Such evaluations, perceptions and sentiments are subject to change; both in short term time horizons and longer term time horizons. An adverse change in investor evaluations, perceptions and sentiments could have a material adverse outcome on the Group and its securities.

Commodity price risks

Cannabis is a developing market, likely subject to volatile and declining prices year over year, as a result of increased competition. Because medical cannabis is a newly commercialized and regulated industry, historical price data is either not available or not predictive of future price levels. the Group believes there is downward pressure on the average price for medical cannabis and has arranged its proposed business accordingly, however, there can be no assurance that price volatility will be favorable to the Group. Pricing will depend on general factors including, but not limited to, the number of licenses granted by Health Canada and the supply such licensees are able to generate, the number of patients who gain physician approval to purchase medical cannabis. An adverse change in the cannabis prices, or in investors' beliefs about trends in those prices, could have a material adverse outcome on the Group and its securities.

Financing risks

Entering the MMPR (now ACMPR) regulated medical cannabis marketplace requires substantial outlay of capital. The Group currently generates no operating revenues; therefore, for the foreseeable future, it will be dependent raising capital through a combination of debt and/or equity offerings. There can be no assurance that the capital markets will remain favorable in the future, and/or that the Group will be able to raise the financing needed to continue its business at favorable terms, or at all. Restrictions on the Company's ability to finance could have a material adverse outcome on the Group and its securities.

Credit Risk

The Group is not exposed to any significant credit risk as at January 31, 2017. The Group's cash is on deposit with a highly rated financial institution in Canada.

Liquidity Risk

Liquidity risk is the risk that an entity will not be able to meet its financial obligations as they come due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they become due. As at January 31, 2017, the Company has current assets of $3,774,535 and current liabilities of $4,338,698. The Company has a working capital deficiency as at January 31, 2017 of $564,163. The Company raises capital as needed to mitigate its liquidity risk.

Interest Rate Risk

Interest rate risk is the risk that the cash flows of a financial instrument will fluctuate due to changes in market interest rates.

As at January 31, 2017, all of the Company's interest-bearing financial instruments, which include short-term advances from a related party, promissory notes and convertible promissory notes, are at fixed interest rates. As such, there is no significant interest rate risk associated with the Company's financial instruments.

Risk Factors Related to the Acquisition

Acquisitions Generally

While the Company conducted substantial due diligence in connection with the Acquisitions, there are risks inherent in any acquisition. Specifically, there could be unknown or undisclosed risks or liabilities of MFT or TLP for which the Company is not sufficiently indemnified pursuant to the provisions of the Acquisition Agreement. Any such unknown or undisclosed risks or liabilities could materially and adversely affect the Company's financial performance and results of operations. The Company could encounter additional transaction and integration related costs or other factors such as the failure to realize all of the benefits anticipated in the Acquisition. All of these factors could cause a delay the anticipated accretive effect of the Acquisition and cause a decrease in the market price of the common shares.

Failure to Realize Benefits of Acquisitions

The Company may not realize the anticipated benefits of the Acquisition, or may not realize them in the time frame expected. The Company cannot provide assurance that it will be able to grow or even sustain the cash flow generated by the Acquisition. Difficulties encountered as a result of the Acquisition may prove problematic to overcome such as, without limitation, the inability to integrate or retain key personnel, the inability to retain business relationships with current customers, and difficulties with adoption or implementation of new business plans, standards, controls, processes and systems within MFT and/or TLP.

Dilution

Following completion of the Acquisition, the Company may issue equity securities to finance its activities, including future acquisitions. If the Company was to issue common shares, existing holders of such common shares may experience dilution in their holdings. Moreover, when the Company's intention to issue additional equity securities becomes publicly known, the Company's share price, as the case may be adversely affected.

Risks Related to the Operations of Abba Corp. and to the Medical Cannabis Industry

Cannabis Not an Approved Drug or Medicine

Dried cannabis is not an approved drug or medicine in Canada. The Government of Canada does not endorse the use of cannabis, but the courts have required reasonable access to a legal source of cannabis when authorized by a healthcare practitioner.

Abba Corp. is Not a Licensed Producer under the MMPR/ACMPR

The Group, through its wholly owned subsidiary Abba Corp., has applied to Health Canada to become a Licensed Producer under the MMPR/ACMPR that would enable Abba Corp. to cultivate and sell medical cannabis to patients across Canada. Abba Corp. has not yet received a License and as such is not a Licensed Producer. However, Abba Corp. is currently in the review stage of the licensing process. Abba Corp.'s ability to cultivate, store and sell medical cannabis in Canada is

dependent on obtaining a License from Health Canada and there can be no assurance that Abba Corp. will obtain such a License.

Abba Corp.'s success to date includes:

- Abba Corp. has advanced to the review stage of the licensing process;
- Abba Corp. personnel have passed through the security clearance stage of the licensing process; and
- Abba Corp. has substantially completed the build out of its proposed Facility.

Even if Abba Corp. is successful in obtaining a License, such License will subject Abba Corp. to ongoing compliance and reporting requirements. Failure to comply with the requirements of the License or any failure to maintain the License could have a material adverse impact on the business, financial condition and operating results of the Group. Furthermore, the License will have an expiry date of approximately one year from the date it is granted. Upon expiration of the License, Abba Corp. would be required to submit an application for renewal to Health Canada containing information prescribed under the MMPR/ACMPR and renewal cannot be assured.

Licensing Requirements under the MMPR/ACMPR

The market for cannabis (including medical cannabis) in Canada is regulated by the CDSA, the MMPR (now the ACMPR), the Narcotic Control Regulations, and other applicable law. Health Canada is the primary regulator of the industry as a whole. The MMPR/ACMPR aims to treat cannabis like any other narcotic used for medical purposes by creating conditions for a new commercial industry that is responsible for its production and distribution.

Any applicant seeking to become a Licensed Producer under the MMPR/ACMPR is subject to stringent Health Canada licensing requirements. The below table provides a general overview of the licensing process as described by Health Canada.

Stage	Overview
Stage 1	**Preliminary Screening**: When an application is received, it undergoes a preliminary screening for completeness. If an application is not complete, it will be returned. If an application is complete, it will be assigned an application number. The application number means that the application has completed the preliminary screening.
Stage 2	**Enhanced Screening**: Once an application has been assigned an application number, it will be reviewed to ensure: that the location of the proposed site does not pose a risk to public health, safety and security; that the proposed security measures outlined in the application meet the requirements of the ACMPR; and the proposed quality assurance person has the appropriate credentials to meet the good production requirements outlined in Subdivision D of the ACMPR. It is the responsibility of the applicant to ensure that they are in compliance with all applicable provincial, territorial, and municipal legislation, regulations and bylaws, including zoning restrictions.
Stage 3	**Security Clearance:** Once the screening of an application is complete, the security clearance forms for key personnel will be sent for processing. The time required to conduct mandatory security checks varies with each application. Security clearances generally take several months at a minimum. Health Canada and the RCMP are not able to provide updates on the status of security checks.

Stage	Overview
	Applications will only advance to the review stage once the security clearances for the key personnel are completed. Please note that until such a time as Health Canada receives the results of the security checks, there will be no further communication from Health Canada.
Stage 4 Abba Corp.'s current stage of the licensing process	**Review:** Once all security clearances are obtained, an application will be thoroughly reviewed to validate the information provided. Given the extensive review process, applicants are generally required to communicate with the Office of Controlled Substances multiple times to provide clarifications on the application. Physical security plans will be reviewed and assessed in detail at this stage. Applicants must meet a minimum of a level 7 (pursuant to the physical security directive) to be considered for a License.
Stage 5	**Pre-License Inspection:** Upon confirmation from the applicant that the site has been fully built and security measures are in place, a pre-license inspection will be scheduled. If any deficiencies are identified, they will be communicated to the applicant and must be addressed prior to a License being issued.
Stage 6	**Licensing:** Once it has been confirmed through the pre-license inspection that the applicant meets all the requirements of the ACMPR, a License will be issued. Health Canada has introduced a staged process for the issuance of Licenses. Applicants will first be issued a License to produce only. This will enable Health Canada inspectors to confirm that the first batch of dried marihuana produced meets the good production practices and record keeping requirements outlined in the ACMPR. It also allows Health Canada to verify the test results of the dried marihuana (e.g. for microbial and chemical contaminants) to ensure that the dried marihuana meets all quality control requirements before it is made available for sale. Once a Licensed Producer has finished producing the first crop of cannabis, they must demonstrate through an inspection and test results that the planned growing processes will result in the production of a dried product that meets the Licensed Producer's specified quality control standards and the Good Production Practices set out in Subdivision D of the ACMPR. Only once Health Canada is satisfied the Licensed Producer meets the requirements of Subdivision D of the ACMPR will a License be amended to allow sale to the public.

Applicants and Licensed Producers are required to demonstrate compliance with regulatory requirements, such as quality control standards, record-keeping of all activities as well as inventories of cannabis, and physical security measures to protect against potential diversion. Licensed Producers are also required to employ qualified quality assurance personnel who ultimately approve the quality of the product prior to making it available for sale. This approval process includes testing (and validation of testing) for microbial and chemical contaminants to ensure that they are within established tolerance limits for herbal medicines for human consumption as required under the *Food and Drugs Act*, and determining the percentage by weight of the two active ingredients of marijuana, delta-9- Tetrahydrocannabinol and cannabidiol.

Factors related to the Facility which may Prevent Realization of Business Objectives

As of April 3, 2017, the Facility is being completed. The Facility will require an inspection by Health Canada prior the granting of a License. Any adverse changes or developments affecting

construction of the 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 changes or developments could cause the Facility to not be completed on time, on budget, or at all, as it can be adversely affected by a variety of factors, including some that are discussed elsewhere in these risk factors and the following:

(a) delays in obtaining, or conditions imposed by, regulatory approvals;

(b) plant design errors;

(c) environmental pollution;

(d) non-performance by third party contractors;

(e) increases in materials or labour costs;

(f) construction performance falling below expected levels of output or efficiency;

(g) breakdown, aging or failure of equipment or processes;

(h) contractor or operator errors;

(i) labour disputes, disruptions or declines in productivity;

(j) inability to attract sufficient numbers of qualified workers;

(k) disruption in the supply of energy and utilities; or

(l) major incidents and/or catastrophic events such as fires, explosions, earthquakes or storms.

It is also possible that the final costs of constructing the 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.

Timeframes and Cost to Obtain a License under the MMPR/ACMPR

The timeframes and costs required for Abba Corp. or any applicant for a License under the MMPR/ACMPR to build the infrastructure required, to apply for, and to receive, a License can be significant. Estimates of the timeframe and costs cannot be reliably determined at this time given that Abba Corp. is at the review stage in the licensing process. The current backlog of applications from other licensees with Health Canada and the anticipated timeframe for processing and approval of any application cannot be reliably determined at this time.

Ultimately, in the process of meeting all licensing requirements, a facility meeting the rigorous requirements of Health Canada must be available for inspection by Health Canada before any License can be granted.

Regulatory Risks

The Group operates in a new industry which is highly regulated and is in a market which is very competitive and evolving rapidly. Sometimes new risks emerge and management may not be able to predict all of them, or be able to predict how they may cause actual results to be different from those contained in any forward-looking statements. The Group's ability to grow, store and sell medical cannabis in Canada is dependent on the License from Health Canada and the need to maintain the License in good standing. Failure to comply with the requirements of the License or any failure to maintain this License would have a material adverse impact on the business, financial condition and operating results of the Group.

The Group will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions of our operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Group's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

The industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond the Group's control and which cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies which may be imposed. Changes in government levies, including taxes, could reduce the Group's earnings and could make future capital investments or the Group's operations uneconomic. The industry is also subject to numerous legal challenges, which may significantly affect the financial condition of market participants and which cannot be reliably predicted.

The Group's business as a prospective Licensed Producer under the ACMPR represents a new industry and new market resulting from the ACMPR and its regulated regime. In addition to being subject to general business risks and to risks inherent in the nature of an early stage business, a business involving an agricultural product and a regulated consumer product, the Group will need to continue to build brand awareness in the industry and market through significant investments in its strategy, its production capacity, quality assurance, and compliance with regulations. These activities may not promote the Group's brand and products as effectively as intended. This new market and industry into which management is entering will have competitive conditions, consumer tastes, patient requirements and unique circumstances, and spending patterns that differ from existing markets.

Change in Laws, Regulations, and Guidelines.

The Group's proposed operations are subject to a variety of laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of medical cannabis but also including laws and regulations relating to health and safety, privacy, the conduct of operations and the protection of the environment. While to the knowledge of the Group's management, the Group is currently in compliance with all such laws, changes to such laws, regulations and guidelines due to matters beyond the control of the Group may cause adverse effects to the Group's operations and the financial condition of the Group.

On March 21, 2014 the Federal Court of Canada issued an interim order affecting the repeal of the MMAR and the application of certain portions of the MMPR which are inconsistent with the MMAR in response to a motion brought by four individuals in the Allard case. Prior to the trial,

the Federal Court of Canada ordered injunctive relief (the "**Injunction**") in favour of certain individuals licensed to use medical cannabis pursuant to the MMAR. As a result, (i) individuals who held a license to possess cannabis under the MMAR on March 21, 2014 can continue to possess cannabis in accordance with the terms of that license, except that the maximum quantity of dried cannabis authorized for possession shall be the lessor of that which is specified by their license or 150 grams; and (ii) individuals who held a valid license to produce cannabis under the MMAR as of September 30, 2013, or were issued one thereafter may continue to produce medical cannabis in accordance with the terms of that license. Individuals covered by the Injunction who wish to change the terms of their license, such as a change in address or designated producer, will be able to do so by registering with Health Canada under the new regulations, the ACMPR.

The Federal Court's decision on the Allard case was delivered on February 24, 2016. In the decision, the Federal Court declared the MMPR invalid as it unconstitutionally violated patients Charter protected rights to liberty and security. However, the Court suspended the operation of the declaration of invalidity for six months to permit Canada to enact a Charter-compliant regime. The government choose not to appeal the decision to the Federal Court of Appeal. On August 24, 2016, the ACMPR replaced the MMPR. The ACMPR is Canada's response to the Federal Court of Canada's February 2016 decision in Allard.

Overall, the ACMPR contains four parts:

- Part 1 is similar to the framework under the MMPR. It sets out a framework for commercial production by Licensed Producers responsible for the production and distribution of quality-controlled fresh or dried marijuana or cannabis oil or starting materials (i.e., marijuana seeds and plants) in secure and sanitary conditions.
- Part 2 is similar to the former MMAR regime. It sets out provisions for individuals to produce a limited amount of cannabis for their own medical purposes or to designate someone to produce it for them.
- Parts 3 and 4 include:
    - Transitional provisions, which mainly relate to the continuation of MMPR activities by Licensed Producers;
    - Consequential amendments to other regulations that referenced the MMPR (i.e., *Narcotic Control Regulations*, *New Classes of Practitioners Regulations*) to update definitions and broaden the scope of products beyond dried marijuana; and
    - Provisions repealing the MMPR and setting out the coming into force of the ACMPR on August 24, 2016

As of August 24, 2016, Health Canada commenced accepting applications from individuals who wish to register to produce a limited amount of cannabis for their own medical purposes or to designate someone to produce cannabis for them. Individuals who were previously authorized to possess and produce cannabis under the MMAR remain authorized to do so by virtue of a Federal Court injunction order.

Under the ACMPR, Health Canada will continue to accept and process applications to become a Licensed Producer that were submitted under the former MMPR. Further, all licenses and security clearances granted under the MMPR will continue under the ACMPR, which means that licensed Producers can continue to register and supply clients with cannabis for medical purposes. New applicants can continue to apply for Licenses to produce under the ACMPR.

The risks to the business of the Group represented by this or similar actions are that they might lead to court rulings or legislative changes that allow those with existing licenses to possess and/or grow medical cannabis, perhaps allow others to opt out of the regulated supply system implemented through the ACMPR by growing their own medical cannabis, or potentially even legitimize illegal areas surrounding cannabis dispensaries. This could significantly reduce the addressable market for the Group's proposed products and could materially and adversely affect the business, financial condition and results of operations for the Group.

While the impact of any of such changes are uncertain and are highly dependent on which specific laws, regulations or guidelines are changed and on the outcome of any such court actions, it is not expected that any such changes would have an effect on the Group's proposed operations that is materially different than the effect on similar sized companies in the same business as the Group.

In addition, the industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond the Group's control and which cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies which may be imposed. Changes in government levies, including taxes, could reduce the Group's earnings and could make future capital investments or the Group's proposed operations uneconomic.

On June 30, 2016, the Government of Canada appointed a Task Force on Marijuana Legalization and Regulation (the "**Task Force**"). On November 30, 2016, the Task Force published its final report titled: *A Framework for the Legalization and Regulation of Cannabis in Canada*. In the final report, the Task Force recommended that the federal government of Canada regulate the production of cannabis and its derivatives (e.g. edibles and concentrates) at the federal level, drawing on the good production practices of the current cannabis for medical purposes system. Also, the Task Force recommended that the wholesale distribution of cannabis be regulated by provinces and territories and that retail sales be regulated by the provinces and territories in close collaboration with municipalities. Further, the Task Force recommended allowing personal cultivation of cannabis for non-medical purposes with the following conditions: (i) a limit of four plants per residence; (ii) a maximum height limit of 100 cm on the plants; (iii) a prohibition on dangerous manufacturing processes; (iv) reasonable security measures to prevent theft and youth access; and (v) oversight and approval by local authorities.

Volatile Stock Price

The stock price of the Company is expected to be highly volatile and will be drastically affected by governmental and regulatory regimes and community support for the medical cannabis industry. The Company cannot predict the results of its operations expected to take place in the future. The results of these activities will inevitably affect the Company's decisions related to future operations and will likely trigger major changes in the trading price of the Company's common shares.

Limited Operating History

While Abba Corp. was incorporated and began carrying on business in 2013, it is yet to generate any revenue. The Group is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Group will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

History of Losses

The Group has incurred losses in recent periods. The Group may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, the Group expects to continue to increase operating expenses as it implements initiatives to continue to grow its business. If the Group's revenues do not increase to offset these expected increases in costs and operating expenses, it will not be profitable.

Risks Inherent in an Agricultural Business

The Group's business may, in the future, involve the growing of medical cannabis, an agricultural product. Such business will be subject to the risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks. Although all such growing is expected to be completed indoors under climate controlled conditions, there can be no assurance that natural elements will not have a material adverse effect on any such future production.

Energy Costs

The Group's medical cannabis growing operations will consume considerable energy, which will make it vulnerable to rising energy costs. Accordingly, rising or volatile energy costs may, in the future, adversely impact the business of the Group and its ability to operate profitably.

Reliance on Management

Another risk associated with the production and sale of medical cannabis is the loss of important staff members. The Group is currently in good standing with all high level employees and believes that with well managed practices will remain in good standing. The success of the Group will be dependent upon the ability, expertise, judgment, discretion and good faith of its senior management and key personnel. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Group's business, operating results or financial condition.

Insurance and Uninsured Risks

The Group's business is subject to a number of risks and hazards generally, including adverse environmental conditions, accidents, labor disputes and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, environmental damage, delays in operations, monetary losses and possible legal liability.

Although the Group maintains and intends to continue to maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations. The Group may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards encountered in the operations of the Group is not generally available on acceptable terms. The Group might also become subject to liability for pollution or other hazards which may not be insured against or which the Group may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Group to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Reliance on a Single Facility

To date, the Group's proposed activities and resources have been primarily focused and will continue to be focused on the Facility for the foreseeable future. Adverse changes or developments affecting the Facility could have a material and adverse effect on the Group's business, financial condition and prospects.

Difficulty to Forecast

The Group's must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the medical cannabis industry in Canada. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Group.

Management of Growth

The Group may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Group to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Group to deal with this growth may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Internal Controls

Effective internal controls are necessary for the Group to provide reliable financial reports and to help prevent fraud. Although the Group will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Group under Canadian securities law, the Group cannot be certain that such measures will ensure that the Group will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Group's results of operations or cause it to fail to meet its reporting obligations. If the Group or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Group's consolidated financial statements and materially adversely affect the trading price of the Group shares.

Litigation

The Group may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Group becomes involved be determined against the Group such a decision could adversely affect the Group's ability to continue operating and the market price the Group shares and could use significant resources. Even if the Group is involved in litigation and wins, litigation can redirect significant company resources.

Conflicts of Interest

The Company may be subject to various potential conflicts of interest because of the fact that some of its officers and directors may be engaged in a range of business activities. In addition, the Company's executive officers and directors may devote time to their outside business interests, so

long as such activities do not materially or adversely interfere with their duties to the Company. In some cases, the Company's executive officers and directors may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to the Company's business and affairs and that could adversely affect the Company's operations. These business interests could require significant time and attention of the Company's executive officers and directors.

Limited Market for Securities

There can be no assurance that an active and liquid market for the common shares will be maintained and an investor may find it difficult to resell any securities of the Group.

Unfavorable Publicity or Consumer Perception

Management of the Group believes the medical cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the medical cannabis produced. Consumer perception of the Group's proposed products may be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medical cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the medical cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Group's proposed products and the business, results of operations, financial condition and cash flows of the Group. The Group's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Group, the demand for the Group's proposed products, and the business, results of operations, financial condition and cash flows of the Group. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of medical cannabis in general, or the Group's proposed products specifically, or associating the consumption of medical cannabis with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

Product Liability

If licensed as a distributor of products designed to be ingested by humans, the Company faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the sale of the Company's products would involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of the Company's products alone or in combination with other medications or substances could occur. The Company may be subject to various product liability claims, including, among others, that the Company's products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Company could result in increased costs, could adversely affect the Company's reputation with its clients and consumers generally, and could have a material adverse effect on the results of operations and financial condition of the Company. There can be no assurances that the Company will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such

insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of the Company's potential products.

Product Recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of the Company's products are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Company may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although the Company has detailed procedures in place for testing its products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the Company's significant brands were subject to recall, the image of that brand and the Company could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the Company's products and could have a material adverse effect on the results of operations and financial condition of the Company. Additionally, product recalls may lead to increased scrutiny of the Company's operations by Health Canada or other regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Competition

On October 19, 2015, the Liberal Party of Canada obtained a majority government in Canada. The Federal Government has committed to the legalization of recreational cannabis in Canada, though no model for this regulatory change has been publicly disclosed or timeline for implementation put forward. This regulatory change may not be implemented at all. The introduction of a recreational model for cannabis production and distribution may impact the medical cannabis market. The impact of this potential development may be negative for the Company and could result in increased levels of competition in its existing medical market and/or the entry of new competitors in the overall cannabis market in which the Company operates.

If the Company is successful in becoming a Licensed Producer, there is potential that the Company will face intense competition from other companies, some of which have operating histories, more financial resources, and more industry, manufacturing and marketing experience than the Company. Additionally, there is potential that the industry will undergo consolidation, creating larger companies that may have increased geographic scope and other economies of scale. Increased competition by larger, better-financed competitors with geographic or other structural advantages could materially and adversely affect the business, financial condition and results of operations of the Group.

The government has only issued to date a limited number of licenses, under the MMPR/ACMPR, to produce and sell medical cannabis. There are, however, several hundred applicants for licenses. The number of licenses granted could have an impact on the operations of the Company. Because of the early stage of the industry in which the Company operates, the Company expects to face additional competition from new entrants. According to Health Canada there were 37 Licensed Producers as of December 30, 2016**.** If the number of users of medical cannabis in Canada

increases, the demand for products will increase and the Company expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, the Company will require a continued level of investment in research and development, marketing, sales and client support. The Company may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Company.

On November 30, 2016, the Task Force published its final report titled: *A Framework for the Legalization and Regulation of Cannabis in Canada*. In the final report, the Task Force recommended that the federal government of Canada regulate the production of cannabis and its derivatives (e.g. edibles and concentrates) at the federal level, drawing on the good production practices of the current cannabis for medical purposes system. Also, the Task Force recommended that the wholesale distribution of cannabis be regulated by provinces and territories and that retail sales be regulated by the provinces and territories in close collaboration with municipalities. Further, the Task Force recommended allowing personal cultivation of cannabis for non-medical purposes with the following conditions: (i) a limit of four plants per residence; (ii) a maximum height limit of 100 cm on the plants; (iii) a prohibition on dangerous manufacturing processes; (iv) reasonable security measures to prevent theft and youth access; and (v) oversight and approval by local authorities.

The impact of this potential development may be negative for the Company and could result in increased levels of competition in its existing medical market and/or the entry of new competitors in the overall cannabis market in which the Company operates.

INFORMATION COMMUNICATION CONTROLS AND PROCEDURES

Management, including the President, Executive Chairman, and Interim Chief Executive Officer ("**CEO**") and the Chief Financial Officer ("**CFO**"), is responsible for designing, establishing, and maintaining a system of internal controls over financial reporting ("**ICFR**") to provide reasonable assurance that all information prepared by the Company for external purposes is reliable and timely. Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Financial Statements for external purposes in accordance with IFRS.

The Company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately reflect the transactions of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the Company's Financial Statements. Due to its inherent limitations, internal control over financial reporting and disclosure may not prevent or detect all misstatements.

The CEO and CFO have evaluated whether there were changes to the ICFR during the three months ended October 31, 2016 that have materially affected, or are reasonably likely to materially affect, the ICFR. As a result, no such significant changes were identified through their evaluation.

There have been no material changes in the Company's internal control over financial reporting during the three and nine months ended January 31, 2017 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

FORWARD-LOOKING STATEMENTS

This MD&A contains "forward-looking information" and "forward-looking statements" within the meaning of applicable Canadian securities laws (collectively referred to as "forward-looking information") which relate to future events or the Company's future performance and may include, but are not limited to, statements about strategic plans, spending commitments, future operations, results of exploration, anticipated financial results, future work programs, capital expenditures and expected working capital requirements. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved.

Readers are cautioned not to place undue reliance on forward looking information and there can be no assurance that forward looking information will prove to be accurate 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 information 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 information will materialize. Factors that could cause results or events to differ materially from current expectations expressed or implied by the forward-looking information, include, but are not limited to: fluctuations in the currency markets (such as the Canadian Dollar and the United States Dollar); changes in national and local government, legislation, taxation, controls, regulations and political or economic developments in Canada or other countries in which the Company may carry on business in the future; operating or technical difficulties in connection with exploration and development activities; risks and hazards associated with the business of the production and distribution of medical cannabis (including environmental hazards or industrial accidents); risks relating to the credit worthiness or financial condition of suppliers and other parties with whom the Company does business; the presence of laws and regulations that may impose restrictions on the production and distribution of medical cannabis, including those currently enacted in Canada; employee relations; relationships with and claims by local communities; availability and increasing costs associated with operational inputs and labor; business opportunities that may be presented to, or pursued by, the Company; risks relating to the Company's ability to raise funds; and the factors identified under "Risk Factors" in this MD&A available under the Company's profile at www.sedar.com.

The forward looking information contained in this MD&A are based upon assumptions management believes to be reasonable including, without limitation: the Company will be awarded a license to produce medical cannabis under the MMPR (now ACMPR); financing will be available for future working capital purposes and the completion of the construction of the Company's future production space; operating, and construction costs will not exceed management's expectations; all requisite regulatory and governmental approvals for construction projects and other operations will be received on a timely basis upon terms acceptable to the Company, and applicable political and economic conditions will be favorable to the Company with respect to the medical cannabis industry; debt and equity markets and other applicable economic conditions will be favorable to the Company; the availability of equipment and qualified personnel to advance the Company's licensing and construction projects and; the execution of the Company's existing and future plans,

which may change due to changes in the views of the Company or if new information arises which makes it prudent to change such plans or programs.

All forward-looking-information contained in this MD&A is given as of the date hereof and is based upon the opinions and estimates of management and information available to management as at the date hereof. The Company disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.

This MD&A was prepared on April 3, 2017. Additional information about the Company is available under the Company's profile on the SEDAR website.

(signed) Gerry Goldberg, CPA, CA	*(signed)* Michael Johnston, CPA, CA
Chief Executive Officer	Chief Financial Officer