CANADA HOUSE WELLNESS GROUP INC.

Management's Discussion and Analysis

For the Three Months Ending July 31, 2018

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**" or "**CHWG**") was prepared in accordance with National Instrument 51-102 *Continuous Disclosure Obligations* and should be read in conjunction with the audited consolidated financial statements and related notes thereto of the Company for the three months ending July 31, 2018 and 2017 (the "**Financial Statements**"). The Company files its Financial Statements, press releases and other required disclosure documents on the SEDAR database at www.sedar.com. All amounts are in thousands of Canadian dollars.

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 months ending July 31, 2018 and 2017 were reviewed and approved by the Board of Directors of the Company on October 1, 2018. The effective date of the MD&A is October 1, 2018.

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.

Industry Overview

In June, 2018, "An Act respecting cannabis and to amend the Controlled Drugs and Substances Act, the Criminal Code and other Acts" was passed by the Canadian Federal government, making cannabis legal for recreational use by October 17, 2018. The Act aims to accomplish 3 goals:

- keep cannabis out of the hands of youth
- keep profits out of the hands of criminals
- protect public health and safety by allowing adults access to safe, legal cannabis

Commencing October 17th, 2018, subject to provincial or territorial restrictions, adults who are 18 years of age or older would be able legally to:

- possess up to 30 grams of legal cannabis, dried or equivalent in non-dried form in public
- share up to 30 grams of legal cannabis with other adults
- buy dried or fresh cannabis and cannabis oil from a provincially-licensed retailer
- in provinces and territories without a regulated retail framework, individuals would be able to purchase cannabis online from federally-licensed producers

- grow, from licensed seed or seedlings, up to 4 cannabis plants per residence for personal use
- make cannabis products, such as food and drinks, at home as long as organic solvents are not used to create concentrated products
- Cannabis edible products and concentrates will be legal for sale approximately one year after the Cannabis Act has come into force on October 17th, 2018.

The current regime for medical cannabis will continue to allow access to cannabis for people who have the authorization of their healthcare provider.

According to a CIBC Research report[1] , there are nearly 270,000 medical registrations resulting in the use of over 5,000 kg of dried cannabis or cannabis oil every month, which projects to over 60,000 kg per year. This is small compared to the estimated 800,000 kg per year used by the recreational market, but the size of the Canadian medical cannabis market is difficult to measure accurately because there are no validated sources of user data, and each of the current sources has limitations when interpreting them. However, CIBC forecasts that the Canadian medical cannabis market to be ~$267 million by 2020, but higher levels may be expected depending upon new scientific and medical evidence supporting the use of medical cannabis, the stigma attached to the cannabis industry dissipates, and as a result of the increasing resistance to opioids as preferred medical solutions.

Under the ACMPR, patients may use medicinal marijuana, and certain suppliers can grow cannabis through the issuance of licenses. If authorized by a physician, patients can choose to either purchase their cannabis through a Licensed Producer (LP), produce/grow cannabis themselves, or designate someone to produce/grow cannabis for them.

- Under the Access to Cannabis for Medical Purposes Regulation (ACMPR) which came into effect in 2016, the ACMPR allows for the legal purchase and possession of medical cannabis by receiving an authorization and then using it to register with an LP or Health Canada.
- A “medical document” is similar to a prescription and even considered equivalent to one in many provinces. The College of Physicians and Surgeons of Ontario has ratified a policy disallowing doctors from charging fees for this document.

The list of health conditions where medical cannabis is claimed to have beneficial effects continues to grow. A few of the more common uses of medical cannabis include (but are not limited to):

- Post-traumatic stress disorder (“PTSD”)
- pain management;
- epilepsy;
- spasticity due to a neurological condition (e.g. MS);
- stimulation of appetite in AIDS and cancer patients; and,
- prevention of nausea associated with chemotherapy

Some of the critical success factors for the medical cannabis industry are:

[1] CIBC World Markets Corp, May 7, 2018 “Cannabis: Almost Showtime: A Legitimate Industry With Potentially $1 Billion Of EBITDA”

1. Quality assurance – Differentiation on quality and consistency is important for the medical market since the product is being used for the treatment of a medical ailment, and medical products are always held to a higher standard than consumer products. Since patients may be controlled on a specific dose/strain of cannabis, then they will come to rely on a product to deliver the required dose on a regular and reliable basis.
2. Range of cannabis types/strengths – LPs will need to have a broad range of product offerings to cater to the individual needs of patients and their ailments. This refers to different plant types that yield differing concentrations of THC and CBD, as well as differing terpene content.
3. Patient promotion – The competitive nature of the industry will likely necessitate a certain degree of effort placed on patient acquisition and retention to grow and maintain market share. The more the industry matures, and the more product differentiation becomes less of an advantage, the more a patient-centered strategy becomes important.
4. Reimbursement support – LPs that support patients in their struggle to pay for their medical cannabis, and in their battle to secure reimbursement, may have an advantage over time. Implementing processes that assist patients in the reimbursement process can be impactful.

Business Overview

Canada House's objective is to support Canadians in regaining control of their health through proven evidence-based treatment plans and access to safe and effective medicine. It conducts its business through its wholly-owned subsidiaries, Abba Medix Corp. ("Abba"), 672800 NB Inc. doing business as Marijuana for Trauma ("MFT"), The Longevity Project Corp ("TLP") and 690050 NB Inc. doing business as Knalysis Technologies ("Knalysis"). Using its own proprietary patient management software developed by Knalysis, MFT provides educational services concerning appropriate cannabinoid therapies to patients and in the future, through Abba, intends to offer its own strains of medical cannabis Abba has received its license to produce medical marijuana under the Access to Cannabis for Medical Purposes Regulations ("ACMPR"), as well as its license to produce cannabis oil. It has been included in an Electronic Trading Fund "ETF," the Emerging Marijuana Growers Fund. Abba has received an amendment to its Producer's License from Health Canada to include the sale and provision of marijuana seeds. The Company has started growing but has not harvested any plants and all efforts to date have been for research purposes. It continues to work to receive its license to sell and prepare the production of its products.

Corporate Structure:

Abba Medix. Abba Medix Corp. is a wholly-owned subsidiary of the Company, established in Ontario 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 Medix 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"). As a Licensed Producer with approximately 22,000 square feet in its indoor, controlled grow facility in Pickering, Ontario, it has begun cultivation. Abba Medix aims to receive a license to sell medical cannabis in the coming months.

Marijuana for Trauma and The Longevity Project Corp. Marijuana For Trauma is a leading provider of specialized cannabinoid therapy services to patients suffering from complex medical conditions. Since

inception, and operating from 10 clinics across Canada, it has provided educational services to over 12,000 patients.

On June 15, 2016, the shareholders of the Company entered into a Share Exchange Agreement (the "Agreement") with the shareholders of MFT and 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, TLP and MFT became wholly-owned legal subsidiaries of Canada House Wellness Group Inc., and approximately 66% of all of Company's issued and outstanding shares were owned by the Target Shareholders. The primary reason for the acquisitions of TLP and MFT were to leverage TLP and MFT's existing client relationships in anticipation of Abba obtaining its license under the AMCPR. 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").

i) Acquisition of TLP

Upon completion of the Transaction, the former shareholders of TLP controlled 15% of the issued and outstanding common shares of the Company. The Agreement also includes an Earn-Out payment of an aggregate amount of $2,000, of which the former shareholders of TLP are entitled to 22.73%. As at April 30, 2018, the net present value of the Earn-Out payment attributable to TLP using a discount of 18% was $358 (April 30, 2017: $302). The timing of the payment of the Earn-Out payment by the Company to the former shareholders of TLP, is dependent on MFT and TLP (collectively the "Target Business") meeting specific EBITDA performance targets at certain milestones, but will be paid in full by the third anniversary of the Transaction if targets are not met earlier. For accounting purposes, the Company has been identified as the acquirer and TLP the acquired company, and this transaction has been accounted for as a business combination. As such, TLP’s balances are accounted for at fair value, with the balance of the purchase price in excess of the fair value of the acquired assets and liabilities of TLP accounted for as goodwill. TLP's historical share capital and retained earnings have been eliminated.

The allocation of the consideration transferred was as follows:

2,191,119 shares issued upon completion of the Transaction	$	406
12,416,341 shares held in escrow		656
Earn-Out payment		279
Total consideration transferred		1,341
Net assets of TLP acquired		143
Goodwill and intangible assets	$	1,198

i) Acquisition of TLP (continued)

During the year ending April 30, 2017, $1,198 recognized on the acquisition of TLP was impaired, as it was determined by management that the operational synergies and relationships that were expected as part of the acquisition of TLP were not realized, and were not expected to be realized in the future as originally contemplated. In the opinion of management, the absence of these synergies and relationships were the most significant elements of value with respect to the acquisition of TLP. As such, the Company has expensed the full amount of the goodwill on the consolidated statement of loss and comprehensive loss for the year ended April 30, 2017. In addition, in April, 2017, the Company determined that the property, plant and equipment acquired upon the acquisition of TLP in the amount of $23 was impaired. As such, the Company has expensed the full amount these assets on the consolidated statement of loss and comprehensive loss during the year ended April 30, 2017. No further impairments of property, plant and equipment were required during the year ending April 30, 2018.

In the year ended April 30, 2018, TLP had revenue and losses of $53 and $48 respectively. From the period from November 7, 2016, the date of completion of the Transaction, to April 30, 2017, TLP had revenue and losses of $368 and $380 respectively.

ii) Reverse Takeover of MFT

Upon completion of the Transaction, the Company acquired 100% of the issued and outstanding common shares of MFT, in exchange for 49,655,364 common shares of the Company, such that the former shareholders of MFT controlled 51% of the issued and outstanding common shares of the Company. As a result of the former shareholders of MFT controlling the Company following the Transaction, the acquisition constituted a reverse takeover of the Company by MFT. The Agreement also includes a cash payment of $250 on close of the Transaction, an Earn-Out payment of an aggregate amount of $2,000, of which the former shareholders of MFT are entitled to 77%, and a Bonus Earn-Out payment of $2,000 payable to the former shareholders of MFT. As at April 30, 2018, the net present value using a discount rate of 18% of the Earn-Out payment attributable to MFT was $2,759 (April 30, 2017: $2,177). The timing of the payment of the Earn-Out and Bonus Earn-Out payments by the Company to the former shareholders of MFT, are dependent on the Target Business meeting specific EBITDA performance targets at certain milestones but will be paid in full by the third anniversary of the Transaction if targets are met. For accounting purposes, MFT is the deemed acquirer and the Company the deemed acquired company, and accordingly, MFT's assets, liabilities and operations since incorporation are included in these consolidated financial statements at their historical carrying value. The Company's results of operations have been included from November 7, 2016, the date of completion of the Transaction, with assets and liabilities recorded initially at fair value. Since the Company's operations do not meet the definition of a business under IFRS 3, this transaction has been accounted for as a reverse takeover that is not a business combination. Therefore, the Company's share capital, deficit, contributed surplus and equity component of convertible promissory notes payable have been eliminated, the consideration transferred by the Company will be allocated to share capital, and the transaction costs will be expensed.

ii) Reverse Takeover of MFT (continued)

The allocation of the consideration transferred is as follows:

4,966,536 shares issued upon completion of the Transaction	$	921
44,698,828 shares held in escrow		3,515
Cash payment on close of the Transaction		250
Fair value of existing warrants of the Company		388
Fair value of existing options of the Company		3
Fair value of equity portion of existing convertible promissory notes of the Company		103
Fair value of shares to be issued		45
Earn-Out payment		949
Bonus Earn-Out payment		1,228
Total consideration transferred		7,402
Net assets (liabilities) of the Company acquired		(1,478)
Deemed Transaction costs and license application	$	8,880

The acquisition-date fair value of the consideration transferred by the Company for its interest in MFT is based on the number of equity interests MFT would have had to issue to give the owners of the Company the same percentage equity interest in the combined entity that results from the transaction described above. The fair value of the number of equity interests calculated in that way is used as the fair value of consideration transferred in exchange for MFT. An adjustment has been booked to adjust the fair market value of the Company's equity interest in MFT accordingly. The acquisition of MFT included a late-stage license application which did not meet the definition of an intangible asset pursuant to IFRS 38. As such, the associated costs have been included in transaction costs.

The common shares issued to the former shareholders of MFT and TLP (the "Consideration Shares") are subject to a three year escrow period, subject to accelerated release in fulfillment of certain performance targets (the "Contractual Escrow"). The Contractual Escrow is as follows:

a) 20% of the Consideration Shares shall be delivered on the closing of the Acquisition.

b) subject to MFT and TLP, on a continued basis (the "Target Business") achieving the applicable EBITDA target, 20% of the Consideration Shares shall be released from escrow on the six month anniversary of the closing date of the Transaction. For purposes of calculating the fair value of these shares, a discount of 29% has been applied to reflect the escrow period. The Target Business did not meet the EBITDA targets applicable to the release of these shares from escrow.

c) subject to the Target Business achieving the applicable EBITDA target, 20% of the Consideration Shares shall be released from escrow on the twelve month anniversary of the closing date of the Transaction. For purposes of calculating the fair value of these shares, a discount of 42% has been applied to reflect the escrow period.

ii) Reverse Takeover of MFT (continued)

d) subject to the Target Business achieving the applicable EBITDA target, 20% of the Consideration Shares shall be released from escrow on the eighteen month anniversary of the closing date of the Transaction. For purposes of calculating the fair value of these shares, a discount of 49% has been

applied to reflect the escrow period.

e) subject to the Target Business achieving the applicable EBITDA target, 20% of the Consideration Shares shall be released from escrow on the twenty-four month anniversary of the closing date of the Transaction. For purposes of calculating the fair value of these shares, a discount of 55% has been applied to reflect the escrow period.

In the event that the Target Business does not meet the applicable EBITDA targets by the applicable anniversary date of the closing date of the Transaction, then such portion of the Consideration Shares shall remain in escrow until the third anniversary of the closing date of the Transaction. As of the date of these financial statements, the EBITDA targets have not been met. In addition to the Contractual Escrow, the release of the Consideration Shares will be subject to statutory escrow provisions such that 10% will be released upon listing on the Canadian Stock Exchange with subsequent releases of 15% every six months thereafter.

The former shareholders of MFT control the voting rights to 13,146,654 common shares held by the former shareholders of TLP pursuant to the terms of a voting trust agreement, representing 11% of outstanding common shares immediately following the Transaction. The former shareholders of MFT may exercise all of the voting rights attached to the common shares held by the former shareholders of TLP at all annual and special meetings of the shareholders of the Company held on or before June 30, 2018, after which all voting rights return to the former shareholders of TLP.

During the year ended April 30, 2017, the Company incurred professional fees of $201. During the year ended April 30, 2017, these costs were combined with the transaction costs of $8,880 on the statement of loss and comprehensive loss.

Knalysis. Knalysis provides technology solutions, including proprietary patient management software that links physicians, providers, and patients. Patient metadata and a proprietary “data synthesis process” allows for condition-specific and patient-specific strain selection that best suits the needs of patients with different medical conditions.

On January 12, 2018, the Company executed a Share Exchange Agreement with the shareholders of Knalysis whereby the Company acquired all of the issued and outstanding common shares in the capital of Knalysis in exchange for 5,000,000 common shares of the Company. Knalysis is a software and data analytics business that has developed software solutions for managing relationships between physicians, providers and patients. The primary reason for the acquisition of Knalysis is for its data collection and analysis tools. For accounting purposes, the Company has been identified as the acquirer and Knalysis the acquired company, and this transaction has been accounted for as a business combination. As such, Knalysis' balances are accounted for at fair value. The balance of the purchase price in excess of the fair value of the acquired assets and liabilities of Knalysis represents the goodwill related to the Knalysis' acquisition. Knalysis' historical share capital and retained earnings have been eliminated.

The allocation of the consideration transferred is as follows:

5,000,000 shares issued to the shareholders of Knalysis	$ 3,100
Patient management software	(658)
Web analytics portal	(162)

Three months Ending July 31, 2018	
Smart-phone application	(162)
Customer relationships	(190)
Net liabilities of Knalysis	372
Deferred tax liability	340
Goodwill	$2,640

Since January 12, 2018, Knalysis reported $21 of revenue and a loss of $271. The Company acquired $100 of in trade receivables, which include $75 in receivables from MFT. The Company expects to collect all of the acquired receivables. However, during the year-end, an impairment charge of $2,640 was applied against goodwill and $1,172 against intangible assets. Impairment of goodwill and intangibles was calculated as the difference between the carrying amount of the cash generating unit ("CGU") and the recoverable amount of the CGU. The recoverable amount of the CGU was determined based on a value in use valuation model. It was determined by management that the operational synergies and relationships that were expected as part of the acquisition had not yet been realized, and there was some uncertainty about the realization of these in the future. In the opinion of management, the benefits of these synergies and the new technology being developed by Knalysis may still provide important benefits in the future, but it is too early to be able to rely on them and these synergies and relationships were amongst the most significant elements of value with respect to the acquisition of Knalysis. Two of the shareholders with significant influence over Canada House also held significant influence as shareholders in Knalysis, prior to the acquisition.

Issuers with U.S Cannabis-Related Activities

United States Federal Law

While marijuana and Marijuana-Infused Products are legal under the laws of several U.S. States (with vastly differing restrictions), presently the concept of "medical marijuana" and "retail marijuana" do not exist under U.S. federal law. The United States Federal Controlled Substances Act classifies "marijuana" as a Schedule I drug. Under U.S. federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of safety for the use of the drug under medical supervision. The United States Supreme Court has ruled in a number of cases that the federal government does not violate the federal constitution by regulating and criminalizing cannabis, even for medical purposes. Therefore, federal law criminalizing the use of marijuana pre-empts state laws that legalizes its use for medicinal and adult-use purposes. The U.S. Department of Justice has issued official guidance regarding marijuana enforcement in 2009, 2011, 2013, 2014 and 2018 in response to state laws that legalize medical and adult-use marijuana. In each instance, the U.S. Department of Justice has stated that it is committed to the enforcement of federal laws and regulations related to marijuana. However, the DOJ has also recognized that its investigative and prosecutorial resources are limited. As of January 4, 2018, the U.S. Department of Justice has rescinded all federal enforcement guidance specific to marijuana and has instead directed that federal prosecutors should follow the "Principles of Federal Prosecution" originally set forth in 1980 and subsequently refined over time in chapter 9-27.000 of the U.S. Attorney's Manual creating broader discretion for federal prosecutors to potentially prosecute state-legal medical and adult-use marijuana businesses even if they are not engaged in marijuana-related conduct enumerated by the Cole Memo as being an enforcement priority. Prior to 2018 and in the Cole Memo, the U.S. Department of Justice acknowledged that certain U.S. states had enacted laws relating to the use of marijuana and outlined the U.S. federal government's enforcement priorities with respect to marijuana notwithstanding the fact that certain states have legalized or decriminalized the use, sale, and manufacture of marijuana. "Cole Memo" means the memorandum dated August 29, 2013, addressed to "All United States Attorneys" from James M. Cole, Deputy Attorney General of the United States, as may be supplemented or amended indicating that federal enforcement of the applicable federal laws against

cannabis-related conduct should be focused on eight priorities, which are to prevent: (1) distribution of cannabis to minors; (2) criminal enterprises, gangs and cartels from receiving revenue from the sale of cannabis; (3) transfer of cannabis from States where it is legal to States where it is illegal; (4) cannabis activity from being a pretext for trafficking of other illegal drugs or illegal activity; (5) violence or use of firearms in cannabis cultivation and distribution; (6) drugged driving and adverse public health consequences from cannabis use; (7) growth of cannabis on federal lands; and (8) cannabis possession or use on federal property.

On February 8, 2018, the Canadian Securities Administrators revised their previously released Staff Notice 51-352 *Issuers with U.S. Marijuana-Related Activities* (the "Staff Notice") which provides specific disclosure expectations for issuers that currently have, or are in the process of developing, cannabis-related activities in the United States as permitted within a particular state's regulatory framework. All issuers with United States cannabis-related activities are expected to clearly and prominently disclose certain prescribed information in prospectus filings and other required disclosure documents. To ensure compliance with the guidance provided by the Cole Memo, the Company will not operate in jurisdictions which have not legalized marijuana and does not intend to operate in U.S. State jurisdictions which have legalized marijuana but not developed a licensing and compliance regime for Licensed Operators, in a manner compliant with guidance previously provided by the Cole memo. For greater certainty, if required, the Company will seek legal advice. To date, no such legal advice has been received, but as of October 1, 2018, the Company has not received any notices of violation, denial or non-compliance from any U.S. authorities. The United States has to date not been a target market for Canada House and going forward, if required, the Company intends to institute a formal monitoring system for compliance before pursuing such opportunities.

Pennsylvania

The Pennsylvania Department of Health is in the process of implementing the state's Medical Marijuana Program, signed into law on April 17, 2016. When fully implemented, the Medical Marijuana Program will provide access to medical marijuana for patients with a serious medical condition through a safe and effective method of delivery that balances patient need for access to the latest treatments with patient care and safety. Residents with any of 21 illnesses that qualify them for medical marijuana will be able to buy dry leaf, or buds, to help alleviate their symptoms, but smoking is prohibited and patients will have to purchase and learn how to use a vaporizer. The Department issue permits for the sale of medical cannabis by dispensaries, with each dispensary limited to no more than three separate locations. Those that are awarded a permit must complete a two-hour training course. As permitted by the Act, the department may provide for other requirements through temporary regulations.

Knalysis Technologies Inc. ("Knalysis") is in the business of developing and selling on a SaaS basis medical marijuana patient management processing service. Knalysis has a client that currently operates a clinic in the state of Pennsylvania and has provided clinic software for revenue of $40 during the quarter. The Pennsylvania's clinic operations are limited to cannabis advice and prescriptions. This clinic is not vertically integrated. To the knowledge of the Company, the business of these clients is in compliance with the applicable licensing requirements and regulatory framework of Pennsylvania.

Business Strategy and Developments

Canada House believes a vertical integration strategy is well suited to the Medical Cannabis Market, sharpening the focus on the above critical success factors and facilitating growth and profitability by

internalizing profit margins throughout the supply chain. As noted by Jeff Nielsen of Stockhouse, "Canada House has worked hard to carve out a competitive edge."

- The best standard of care for medicinal cannabis patients (MFT)
- A data analytics division with an enormous database and unique expertise (Knalysis)
- An in-house cultivation division providing cannabis crafted to MFT's clients' needs (Abba Medix). This allows Canada House to bring the same high standards to its (soon-to-be produced) cannabis products as it already does with its cannabis clinics and its Knalysis division."

Clinics

MFT's 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 education 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 thousands of veterans and civilians across Canada with comprehensive service and care. MFT currently has one clinic each in Alberta, Prince Edward Island and Newfoundland, 2 clinics in New Brunswick, 1 clinic in Nova Scotia and 4 clinics in Ontario. 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. According to Jeff Nielsen of Stockhouse "Serving a demographic of patients/clients with arguably the most-demanding medicinal needs has allowed MFT to establish the gold-standard of medicinal cannabis care and counseling. Canada House (and MFT) currently has 11 clinics in operation."

Adhering to best clinical practices, the Company has consolidated the TLP and MFT operations to carry on the businesses under the MFT name with a focus towards enhancing the professional services offered by its cannabis wellness clinics across Canada. Clients of MFT clinics are educated to understand the possible benefits of cannabinoid therapy, and, if appropriate, introduced to a professional who can write a cannabis prescription in order to meaningfully improve the quality of lives for veterans, first responders and civilians alike.

During the year ended April 30, 2018, MFT executed several initiatives to provide better service and support for their patients. It continued to make improvements to its Cannabis Patient Management ("CPM") software, including new physician services capabilities and an improved service to patients, with 48 to 72 hour response times for all prescriptions and renewals. The CPM software not only allows for better service to existing clients, it also improves the efficiency of managing patient care. New clinics have been added in Ontario, in addition to existing clinics in New Brunswick, Nova Scotia, Newfoundland, Quebec and Alberta.

In the interest of providing superior, comprehensive service to its clients, MFT has added Licensed Practical Nurses to provide Cannabinoid Therapy Education ("CTE") to all clients, which is an integral part of the Company's vision in offering better health outcomes to those seeking alternative treatments towards improving their quality of life. Patients in Ontario also now have access to educators and prescribers at no additional cost which allows MFT to help patients quickly and securely.

New clients must register online on MFT's website or walk in to a clinic for a hard copy registration package. In order to register, clients must provide a referral or diagnosis and proof of identity. Once a client profile is created, all pertinent medical information is uploaded for CTE and Prescribers. The first appointment is then set up to provide the client with CTE in order to review their medical history and

provide education with regards to their specific diagnoses and dosing recommendation. The client will then select the most appropriate Licensed Producer.

In addition, MFT continues to add Licensed Producers to provide greater capacity and more care alternatives. As of July 31, 2018, MFT had over twenty Licensed Producer Agreements. MFT's clinics also provide Second Level Assessments for our veteran clients who require an increased level of care.

Licensed Producer

Abba Medix. Abba obtained the Health Canada's ACMPR License to Cultivate in Pickering, Ontario in September 2017. Abba has also commenced significant improvements to the facility working towards receiving a Health Canada License to sell medical cannabis. These improvements include substantial upgrades to the security system, upgrades to the floor plan, mechanical and HVAC systems to support proven commercial production methods, and the commencement of expansion design work to include a larger vault, staging area and extraction lab. Since obtaining the License, Abba has invested approximately $3,974 in improvements to the facility, including a nursery, vegetative rooms, flowering rooms, a drying room and required vault and storage space. It is projected that this Phase 1 will have the capacity to produce between 2,000 and 3,000 kg of premium cannabis annually, eventually increasing to over 13,000 kg per year. Abba has also licensed proven commercial production Standard Operating Procedures that are expected to deliver industry leading quality and yields of cannabis, and has also licensed seed-to-sale software and equipment from Ample Organics. Further, the Company recently entered into a licensing agreement with Medicine Man Technologies (MMT) in order to deploy use and resell MMT's intellectual property and nutrients into the Canadian marketplace. The Company believes that with this technology that it can maximize yields and quality of its own grow operations, as well as open up new revenue opportunities with micro-growers.

In June, 2017, Abba announced Health Canada was assigning a reviewer. In September 2017, Abba was first issued its cultivation permit from Health Canada and later permits for the sale and provision of dried marijuana, marijuana plants and marijuana seeds under 22(2) of the ACMPR. In March, 2018, Abba received its starting genetics, including forty-seven strains of cannabis. In April, 2018, Abba received an extension to its license for bottled cannabis oil production and cannabis in its natural form/cannabis resin and received its starting genetics [redundant with previous highlighted section]. In May, 2018, Abba announced it had planted its first high grade medicinal cannabis seeds and in July 2018, Health Canada extended its sales license to include marijuana seeds.

Technology

Knalysis. On January 12, 2018, by completing the acquisition of all of the issued and outstanding shares of Knalysis, Canada House is now able to gain new insights into medical cannabis patient care and clinic operations. Knalysis is a software development company that has developed various electronic programs and applications which include the Knalysis Wellness Tracker Application, its Data Analytics Web Portal and the Cannabis Patient Management software that has been adopted by MFT. According to Jeff Nielsen of Stockhouse, "medical cannabis has been effective, but it's not efficient, and it's certainly not very scientific. The medicinal cannabis sector needs better data: better data collection, better data analysis, better data distribution. This is the mission of Knalysis Technologies. Knalysis is also the lynch-pin for management's strategy in penetrating the much larger U.S. market for medicinal cannabis."

The Knalysis Wellness Tracker Application has the ability to quantify how effective cannabis products are at treating the symptoms of an individual. By keeping track of one's treatments, moods and general physical condition throughout the day using the Knalysis Wellness Tracker Application, MFT's trained professionals are able to identify different products and strains that will relieve specific symptoms of suffering patients, and allow them to regain their optimal physical, mental and emotional balance that has been compromised by trauma and harmful "pharmaceutical cocktails". The Knalysis Wellness Tracker Application can be downloaded from the Apple store for use with iPhones and iPads, or from Google Play for Android phones and tablets. More than 12,000 medical cannabis patients have been registered on the Knalysis software platforms. When the data from this patient base is coupled with Knalysis' US customer base, more than 32 million data points have been collected which will better help MFT provide the best care for their patients.

In April, 2018 Knalysis was selected as a finalist for the Knowledge and Innovation Recognition Awards ("KIRA") award for the most innovative start-up. The award is offered by such agencies as Opportunities New Brunswick ("ONB"), Atlantic Canada Opportunities Agency and the Canadian federal government to recognize companies, organizations, and individuals in New Brunswick for their role in the development and/or application of innovative products, processes, services, technologies, or business models. KIRA seeks to encourage and foster a culture of knowledge and innovation in New Brunswick. In May, 2018, Knalysis announced they were forging a new partnership with New Frontier Data, a leader in business intelligence in the cannabis industry. Building on the data collected from MFT and other sources, Knalysis sponsored New Frontier Data's Canada Cannabis Report: Industry Outlook 2018 and continues to develop new revenue opportunities with third party clinics.

Corporate activities

During April 30, 2018 Canada House successfully organized financings totaling $14,873 (2017: $4,229). Proceeds from these financings have allowed us to expand our facility in Pickering, Ontario, establish new relationships and develop our senior management team. To further our medical cannabis strategy, we have signed an MOU with University of New Brunswick to contribute information, expertise and/or resources to the development and support of mutually agreed upon education and/or research projects. The scope of potential joint initiatives range from professional course development to supporting new technology platforms and products to genetic/biology research to data collection. We believe these kinds of initiatives are essential to establish scientific credibility and gain additional support from the medical community and we believe we are among the leaders in this pursuit.

Canada House recently repositioned itself for growth through a change in its Board of Directors and a new high-performance management team. We are first and foremost a medical cannabis company and we expect to grow a) organically, by continuing to expand our patient base in a profitable manner b) by acquiring other medical cannabis customers and c) by partnering with scientists with a focus on medical cannabis.

Partnerships.

The Company believes that it can accelerate profitable growth by partnering with leaders in the cannabis industry.

a) Nutritional High. In October, 2017 Canada House through Abba, entered into a joint venture with Nutritional High International Inc. ("Nutritional High") to manufacture cannabis oil extracts and cannabis-infused products in Canada. Nutritional High is an innovator in the infused edibles and oil extraction market, and intends to utilize a 2,000 square foot area at Canada House's Pickering facility to house a cannabis oil extraction operation under the ACMPR. By securing a supplemental license from Health Canada for the production of medical cannabis oils and working with Nutritional High to manufacture the edibles, Canada House aims to be a leader in this area, thereby providing additional delivery alternatives to our current and prospective patients. Nutritional High's extraction processes enable the production of high quality cannabis oil that allow for reliable and consistent dosing and focuses on developing, manufacturing and distributing products and brands in the marijuana-infused products industries that will allow for reliable and consistent dosing. It is expected that this venture will provide Canada House with a substantial additional, diversified, revenue stream not only from its medical patients, but also from recreational users. The parties are working closely to secure a supplemental license from Health Canada for the production of medical cannabis oils.

b) New Frontier Data. In May, 2018, Knalysis sponsored New Frontier Data's Canada Cannabis Report: Industry Outlook 2018, a first for the Canadian market, including capital and performance data; detailed demand forecasts; regulatory timeline impacts; top LP size considerations; consumer preferences and other medical marketing data that can assist industry stakeholders. New Frontier Data is the dominant player in the cannabis data space and working towards a long-term collaboration to bring our data to bear as Knalysis continues to track, optimize and prove the efficacy of medical marijuana.

c) University of New Brunswick. Also in May, 2018, Canada House announced that it had signed a Memorandum of Understanding (MOU) with The University of New Brunswick (UNB) to provide researchers with opportunities to pursue the health benefits of cannabis. Working with Canada House's team of medical, technological, scientific and business professionals, this may lead the way in developing and executing multiple shared projects that will be at the forefront of medical cannabis research.

d) Medicine Man Technologies In July 2018, Canada House, entered into, through its wholly owned subsidiary Abba Medix Corp., an exclusive licensing agreement with Medicine Man Technologies Inc., one of the leading cannabis branding and consulting companies, for deployment of its intellectual property and product lines (Three a Light ®, Success Nutrients ®, General Intellectual Property) into the Canadian marketplace. Medicine Man and Canada Housew will be working together on product development, in particular focusing on the deployment of a highly efficient network of newly announced microcultivator license types in Canada as well as other goods and service offerings.

Going Concern

These consolidated financial statements are prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of the business.

The Company's ability to continue as a going concern is dependent upon, but not limited to, generating positive cash flows from operations, and its ability to raise financing necessary to discharge its liabilities as they become due. While the Company has obtained its license to cultivate medical marijuana under the

ACMPR and believes there to be a high probability that it will obtain a license to sell marijuana under the ACMPR, it has not yet received it. During the quarter ending July 31, 2018, the Company incurred a net loss of $2,028 (July 31, 2017: $1,580) and as of July 31, 2018, the Company's accumulated deficit was $29,185 (April 30, 2018: $27,156). As at July 31, 2018, the Company has current assets of $7,616 (April 30, 2018: $10,311) and current liabilities of $3,124 (April 30, 2018: $3,641) resulting in a working capital surplus of $4,492 (April 30, 2018: $6,670). The Company has started growing but has not harvested any plants and all efforts to date have been for research purposes. It continues to work to receive its license to sell and prepare the production of its products.

These conditions have resulted in material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern in the foreseeable future. These consolidated financial statements do not give effect to adjustments that may be necessary, should the Company be unable to continue as a going concern. If the going concern assumption is not used then the adjustments required to report the Company's assets and liabilities at liquidation values could be material to these consolidated 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, 2017.

	As at and for the Year Ended April 30, 2018 $	As at and for the Year Ended April 30, 2017 $	As at and for the Year Ended April 30, 2016 (Unaudited) $
Revenue	3,289	6,207	3,086
Income (Loss) for the period	(12,917)	(14,453)	555
Current assets	10,311	2,156	989
Non-current assets	4,739	3,239	167
Current liabilities	3,641	3,203	872
Non-current liabilities	5,345	3,401	70
Working capital (deficiency)	6,679	(1,047)	117
Deferred income tax liability	516	182	12
Share capital	23,473	9,000	1
Shareholders' equity (deficit)	6,064	(1,209)	214
Earnings (Loss) per share – basic and diluted	(0.09)	(0.25)	N/A

Quarterly Results

Fiscal Quarter	Revenues (Unaudited)	Net income (loss) (Unaudited)	Net earnings (loss) per share - basic and diluted (Unaudited)
	$	$	$
Year ended April 30, 2019			
Quarter ended April 30, 2018	1,231	(2,028)	(0.01)
Year ended April 30, 2018			
Quarter ended April 30, 2018	868	(5,291)	(0.04)
Quarter ended January 31, 2018	790	(4,785)	(0.04)
Quarter ended October 31, 2017	804	(1,261)	(0.01)
Quarter ended July 31, 2017	827	(1,580)	(0.01)
Year ended April 30, 2017			
Quarter ended April 30, 2017	1,211	6,715	0.056
Quarter ended January 31, 2017	1,714	(21,383)	(0.18)
Quarter ended October 31, 2016	1,788	118	1205.17
Quarter ended July 31, 2016	1,494	97	993.07
Year ended April 30, 2016			
Quarter ended April 30, 2016	1,573	215	2,196.15

RESULTS OF OPERATIONS

Revenues

The Company had revenue of $1,231 for the three months ended July 31, 2018, an increase of $405 compared to revenue of $826 for the three months ended July 31, 2017. Of total revenue, approximately $100 was earned from clinic services (2017: 50), with the remainder from referral fees related to licensed producers. MFT earns a 15% to 20% Service and Education fee from its Licensed Producer agreements, with the exception of one Licensed Producer who pays a flat fee for veteran and civilian clients. In addition, a $99 registration fee is collected from new civilian clients and for those making use of our telemedicine facilities a fee of $25-$65 is applied. Those clients that wish to process their medicine to other forms also pay a processing fee of $5-$20 (this feature is only available at 3 of our clinics).

The quarterly increase in the Company’s revenues was due to an increase in referral fees, the increase in new patients and Second Level Assessments. The rates of commission earned by the Company from its Licensed Producers can differ depending on quantities purchased by patients and management expects a favorable impact as Abba production comes on stream and is offered

to MFT's patient base and new patient acquisition strategies are implemented by the new management team which are expected to result in a significant increase in MFT' patient base.

Expenses

Total operating expenses for the three months ended July 31, 2018 were $2,880 compared to $2,287 for the three months ending July 31, 2017. Approximately $100 of the increased expenses in 2018 relate to the operating expenses of Knalysis on CPM 2.0. Included in the total expenses for the three months ending July 31, 2018 were non-cash expenses of $957 including $446 of stock based compensation expense, $214 of interest accretion expenses and amortization expense of $297. For the three months ending July 31, 2017, total operating expenses included non-cash expenses of $560, including $352 of stock based compensation expense, interest accretion expense of $140 and amortization expense of $68.

During the three months ending July 31, 2018, the Company incurred salaries, wages and commission expenses of $1,318, an increase of $368 or 39% compared to $950 during the three months ending July 31, 2017. The increase is a function of the growth of the Company which has resulted in the addition of several employees, including more members of senior management and newly formed departments such as IT. When a CTE or Nurse Practitioner is hired they are provided two weeks of training by the Director of Clinical Services, a medical doctor and are required to complete a course by TCMI Global: Medical Cannabis Curriculum for Nurses. Each Cannibinoid Therapy Educator and Nurse Practitioner is continued to be supported by our Director of Clinical Services and follow ups and weekly conference calls occur to provide education on various topics. MFT employees do not receive any commissions.

Professional fees decreased by $136 or 43% from $313 for the three months ending July 31, 2018 to $177 for the three months ending July 31, 2017. Professional fees include Second Level Assessment fees for the clinics, Canada House senior management fees, investment advisory, recruiting and legal fees. Abba professional fees included architect and design costs. Professional fees decreased primarily due to savings in compliance costs, building and property procurement, legal costs, recruiting fees and Public Relation advisory fees.

Rental expense for the quarter ending July 31, 2018 was $178, a $34 or 16% decrease over the same period in the prior year of $212. In 2018, there are three fewer clinics and there is no longer a need to rent a second headquarter space for MFT in New Brunswick.

During the quarter ended July 31, 2018, the Company recorded amortization of $297, an increase of $229 or 337% compared to $68 during the quarter ended July 31, 2017. The increased amount is due to approximately $1,004 of fixed assets additions during the year.

The Company incurred advertising and promotion expenses of $22 for the quarter ending July 31, 2018, a decrease of $27 or 55% compared to $49 during the same period in 2017. In 2017, MFT incurred sponsorship expenses for various events, as well as costs to wrap vehicles with company logos, that were not repeated in 2018.

Office and general expenses of $126 were up by $82 or 186% from 44 for the three months ending July 31, 2017. $34 of the increase relates to Knalysis, absent during 2017, while the remainder related to new IT initiatives, neurofeedback expenses and other miscellaneous expenses.

Three months Ending July 31, 2018

During the quarter ending July 31, 2018, the Company incurred telephone and internet expenses of $62, an increase of $56 or 933% compared to $6 during the quarter ended July 31, 2017 due to an upgraded phone system for the clinics and offices.

During the quarter ended July 31, 2018, licenses and registration fees increased by $16 or 23% from $68 to $84 due to more clinic visits by the referring doctor in 2018.

Travel expenses decreased by $22 or 36% from $61 during the quarter ending July 31, 2017 to $83 for the quarter ended July 31, 2018. In 2017 there were high travel costs associated with clinic grand openings and training, but these were no longer required in 2018.

During the quarter ended July 31, 2018, the Company incurred building expenses of $20, a decrease of $13 or 39% compared to $33 during the quarter ended July 31, 2017. Building expenses include repairs and maintenance charges and cleaning services and are relatively unchanged from the prior year.

During the quarter ended July 31, 2018, the Company incurred public company expenses of $7, an increase of $2 compared to $5 during the quarter ended July 31, 2017. Public company fees primarily consist of the fees from the transfer agent and the CSE listing.

During the quarter ended July 31, 2018, the Company incurred insurance expenses of $26, an increase of $18 or 225% compared to $8 during the quarter ended July 31, 2017. Insurance expenses include commercial property, general liability and directors and officer's insurance.

During the quarter ending July 31, 2018, the Company incurred a loss on the settlement of debt of $17, compared to a gain of $65 during the quarter ended July 31, 2017. Due to significant cash pressures in 2017, many debts were instead paid in shares.

During the quarter ended July 31, 2018, the Company incurred foreign exchange gains of $5 compared to $NIL during the quarter ended July 31, 2017.

During the year ended July 31, 2018, the Company recognized interest income of $8 compared to NIL during the quarter ended July 31, 2017

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 Financial Statements for the year ended April 30, 2018 and 2017.

	Quarter Ended	
	July 31, 2018	July 31, 2017
Cash flow generated by (used in) operating activities	(1,984)	(605)
Cash flow generated by (used in) investing activities	(994)	(280)
Cash flow generated by (used in) financing activities	(131)	947
Net change in cash	(3,109)	61

Operating Activities

Cash flows used in operating activities were $1,984 for the quarter ended July 31, 2018 compared to cash flows used of $605 for the quarter ended July 31, 2017, for a difference of $1,379. The increase in the amount of cash used is primarily related to a decrease in working capital for the three month period ending July 31, 2018 of $931 compared to an increase in working capital during same period of $468, offset by the net effect of other items not affecting cash of $20.

Investing Activities

Cash flows used in investing activities were $994 for the quarter ended July 31, 2018, compared to cash flows used of $280 for quarter ended July 31, 2017. The increases year-over-year are primarily related to the payment of $588 related to the Medicine Man Technologies Inc. license (see note 17a) and other purchases related to the production facility of $123.

Financing Activities

Cash flows provided by financing activities were a use of $131, primarily related to the payment of interest on the December 5, 2017 convertible debentures compared to a source of $947 for the quarter ended July 31, 2017 related to financings during the prior year.

Consolidated Statements of Financial Position

Total current assets of $7,616 as at July 31, 2018, compares to $10,311 as at April 30, 2018. The most significant changes between the two dates relates to an increase in cash as a result of proceeds received from the issuance of convertible debenture units, the exercise of options and warrants. The most significant components of the Company's current assets as at April 30, 2018 were cash, accounts receivable and sales tax receivable.

The Company's current liabilities as at July 31, 2018 amounted to $3,124 compared to $3,641 as at April 30, 2018. The most significant components of the balance at January 31, 2018 are accounts payable and accrued liabilities of $2,532 due to shareholders of $114.

Issued and Outstanding Shareholders' Equity

Share Capital

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

As of July 31, 2018, the Company has 169,060,289 issued and outstanding voting participating common shares.

Warrants

During the year ended April 30, 2018, the Company:

a) Issued 1,686,751 warrants on August 11, 2017 in connection with the issuance of Convertible Debenture Units as disclosed in note 14(a). Each warrant entitles the holder to purchase one common share of the Company at a price for an exercise price of $0.15 per share for the initial 24 months following the grant date. The warrants may be subject to early acceleration, at the option of the Company, in the event that the closing price of the common shares of the Company is greater then $0.35 for a period of 10 consecutive trading days. In this case, the warrants will expire on the earlier of (i) the 30th day after the date of notice and (ii) the original expiry time.

   The warrants were valued at $95 at the grant date using a weighted average value derived from a Black-Scholes pricing model that is affected by the following assumptions:

Expected dividend yield	Nil
Risk-free interest rate	0.74% to 1.22%
Expected life	2 years
Expected volatility	27.09% to 118.32%
Share price	$0.14
Forfeiture rate	Nil

b) Issued 996,716 warrants on August 21, 2017 in connection with the issuance of Convertible Debenture Units as disclosed in note 14(b). Each warrant entitles the holder to purchase one common share of the Company at a price for an exercise price of $0.15 per share for the initial 24 months following the grant date. The warrants may be subject to early acceleration, at the option of the Company, in the event that the closing price of the common shares of the Company is greater then $0.35 for a period of 10 consecutive trading days. In this case, the warrants will expire on the earlier of (i) the 30th day after the date of notice and (ii) the original expiry time.

   The warrants were valued at $56 at the grant date using a weighted average value derived from a Black-Scholes pricing model that is affected by the following assumptions:

Expected dividend yield	Nil
Risk-free interest rate	0.74% to 1.22%
Expected life	2 years
Expected volatility	27.35% to 118.00%
Share price	$0.14
Forfeiture rate	Nil

c) Issued 45,388,122 warrants on December 5, 2017 in connection with the issuance of Convertible Debenture Units as disclosed in note 14(c). Each warrant entitles the holder to purchase one common share of the Company at a price for an exercise price of $0.30 per share for a period of 12 months following issuance; at an exercise price of $0.40 from 12 months to 24 months following issuance; at an exercise price of $0.60 from 24 months to 36 months following issuance and at an exercise price of $0.80 from 36 months to 48 months following issuance.

The fair value of the warrants was estimated at the grant date to be $3,368 based on a binomial option valuation model using the following assumptions:

Expected dividend yield	Nil
Risk-free interest rate	1.64% - 1.77%
Expected life	4 years
Expected volatility	54.19% to 155.91%
Share price	$0.36
Forfeiture rate	Nil

d) Issued 1,596,275 Broker warrants on December 5, 2017 in connection with the issuance of Convertible Debenture Units as disclosed in note 14(c). Each warrant entitles the holder to purchase one common share of the Company at a price for an exercise price of $0.30 per share for a period of 12 months following issuance; at an exercise price of $0.40 from 12 months to 24 months following issuance; at an exercise price of $0.60 from 24 months to 36 months following issuance and at an exercise price of $0.80 from 36 months to 48 months following issuance

The fair value of the warrants was estimated at the grant date to be $356 based on a binomial option valuation model using the following assumptions:

Expected dividend yield	Nil
Risk-free interest rate	1.64% - 1.77%
Expected life	4 years
Expected volatility	54.19% to 155.91%
Share price	$0.36
Forfeiture rate	Nil

During the year ended April 30, 2017, the Company:

e) Issued 19,001,000 warrants on November 7, 2016 in connection with the issuance of Equity Units on as disclosed in note 16(i). Each warrant entitles 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 grant date.

The fair value of the warrants of $1,225 was estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions:

Expected dividend yield	Nil
Risk-free interest rate	0.62%
Expected life	2 years
Expected volatility	110%
Share price	$0.19
Forfeiture rate	Nil

f) Issued 1,275,000 warrants on November 7, 2016 in connection with the issuance of Convertible Debenture Units as disclosed in note 14d. Each warrant entitles the holder to purchase one common share of the Company at a price for an exercise price of $0.40 per share for the initial 24 months following the grant date; at an exercise price of $0.75 from 24 months to 36 months following the grant date; and at an exercise price of $1.00 from 36 months to 48 months following the grant date.

The fair value of the warrants was estimated at the grant date to be $100 based on a binomial option valuation model using the following assumptions:

Expected dividend yield	Nil
Risk-free interest rate	0.55% - 1.64%
Expected life	2 years
Expected volatility	110.00%
Share price	$0.19
Forfeiture rate	Nil

During the year ended April 30, 2018, the Company offered an incentive program for holders of the warrants to acquire one common share of the Company at an exercise price of $0.30 per share from December 15, 2017 until January 5, 2018 after which the original exercise terms are used**.**

At the time of the modification, the warrants were revalued using a binomial option valuation model and their carrying value holder was adjusted for the incremental fair value of $9.

Expected dividend yield	Nil
Risk-free interest rate	0.55% - 0.64%
Expected life	2 years
Expected volatility	110.00%
Share price	$0.36
Forfeiture rate	Nil

g) Issued 15,000,000 warrants on November 7, 2016 to an officer and director, a former director and a consultant. Each warrant entitles the to purchase one common share of the Company for a period of five years following the grant date at a price of $0.25 per share. The warrants vest as to one third on the grant date, one third on the first anniversary of the Transaction and one third on the second anniversary of the grant date.

The fair value of the warrants of $2,158 was estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions:

Expected dividend yield	Nil
Risk-free interest rate	0.59%
Expected life	5 years
Expected volatility	183%
Share price	$0.19
Forfeiture rate	Nil

The fair value of the warrants will be expensed as stock-based compensation over the vesting period of the warrants. During the year ended April 30, 2017, the Company recognized stock-based compensation expense of $1,237 related to the vesting of these warrants.

h) As a result of the Transaction, the Company acquired 4,991,816 warrants at a fair value of $388, of which 3,658,482 were originally issued by CHWG during the year ended July 31, 2015, and 1,333,334 were issued during CHWG's fiscal quarter ended January 31, 2017. Of these warrants, 3,558,482 warrants allow the holder to acquire one common share of the Company at a price of $0.375 per share at any time until March 13, 2018. The remaining 1,333,334 warrants allow the holder to acquire one common share of the Company at a price of $0.25 per share at any time until November 7, 2019. During the year ended April 30, 2018, the Company offered an incentive program for holders of the warrants to acquire one common share of the Company at an exercise price of $0.30 per share. At the time of the modification, the warrants were revalued using a binomial option valuation model and their carrying value was adjusted for the incremental fair value of $194.

On March 13, 2018, the warrants that were set to expire on March 13, 2018 were extended until September 13, 2018. At the time of modification, the warrants were revalued using a Black-Scholes pricing model and their carrying value was adjusted for the incremental fair value of $245.

Expected dividend yield	Nil
Risk-free interest rate	0.50%
Expected life	0.5 years
Expected volatility	105%
Share price	$0.38
Forfeiture rate	Nil

The following table summarizes the warrant activities for the years ended April 30, 2017 and 2018:

	Number of Warrants	Fair Value of Warrants	Weighted Average Exercise Price
Balance - May 1, 2016	-	$ -	$ -
Issued pursuant to Transaction	4,991,816	388	0.38
Issued for cash	20,276,000	1,539	0.40
Issued for services rendered	15,000,000	1,237	0.25
Exercised	(100,000)	(6)	0.38
Issuance costs	-	(248)	-
Balance - April 30, 2017	40,167,816	$ 2,910	$ 0.37
CD Warrants issued, net of issuance costs	48,071,578	3,519	0.29
Broker Warrants issued	1,596,275	356	0.30
Issued upon exercise of agent options	2,052,400	289	0.40
Exercised	(24,063,951)	(2,460)	(0.24)
Effects of modifications to warrants	-	448	-
Continued vesting of warrants issued in prior year	-	786	0.25
Balance - April 30, 2018	67,824,118	$ 5,848	$ 0.30

During the year, 24,063,951 warrants were exercised. At the date of exercise, the common shares of the Company had a weighted average fair value of $0.60.

As at April 30, 2018, the Company had the following warrants outstanding:

Exercise Price	Warrants Vested	Warrants Unvested	Remaining Contractual Life (Years)	Expiry Date
$ 0.38	2,966,631	-	0.37	September 13, 2018
$ 0.40	8,593,000	-	0.52	November 7, 2018
$ 0.40	50,000	-	2.53	November 7, 2019
$ 0.15	1,000,050	-	1.28	August 11, 2019
$ 0.15	996,716	-	1.31	August 21, 2019
$ 0.25	3,633,334	3,600,000	1.42	September 30,2019
$ 0.30	45,388,112	-	3.60	December 5, 2021
$ 0.30	1,596,275		3.60	December 5, 2021
	64,224,118	3,600,000	2.62	

Stock Options

The Company maintains a Stock Option Plan (the "Plan") for the benefit of directors, officers, employees and consultants. The maximum number of common shares reserved for issuance and available for purchase pursuant to options granted under the Plan cannot exceed 10% of the total number of common shares of the Company issued and outstanding at the date of any grant made. In addition, the aggregate number of shares so reserved for issuance to one person may not exceed 5% of the issued and outstanding shares. Options pursuant to the Plan are granted at the discretion of the Board of Directors, vest at schedules determined by the Board which shall not exceed five years from the date of grant, and have an exercise price of not less than that permitted by the stock exchange on which the shares are listed.

During the three months ended July 31, 2018, the Company granted the following stock options:

a) On June 27, 2018, the Company granted 2,000,000 stock options to its Chief Executive Officer pursuant to its stock option plan. Of the above options, 500,000 were issued as of June 27, 2018 at an exercise price of $0.21, vesting immediately and expiring June 26, 2023. The remaining 1,500,000 options will be issued in three tranches of 500,000 on September 27, 2018, December 27, 2018 and March 27, 2019, respectively. Such options will be issued at an exercise price equal to the closing market price of the Company's common shares as of the trading day prior to issuance, will vest immediately at the time of issuance and will have a term of five years.

b) On July 23, 2018, the Company granted of 3,500,000 stock options, pursuant to the Company's stock option plan to new members of the executive team. Of the above options, 875,000 vest immediately on July 18, 2018, 875,000 vest on October 1, 2018, 875,000 vest on January 1, 2018 and 875,000 vest on April 1, 2019. Such options will be issued at an exercise price equal to $0.20 and will have a term of five years.

c) On July 23, 2018, the Company granted 500,000 stock options to a Director that all vest on July 18, 2018. Such options have been issued with an exercise price of $0.20 and have a five-year term.

The fair value of the stock options granted during the three months ended July 31, 2018 was estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions:

Expected dividend yield	Nil
Risk-free interest rate	1.93% - 2.12%
Expected life	5 years
Expected volatility	98%
Share price	$0.20 - $0.21
Forfeiture rate	Nil

The fair value of the stock options granted during the three months ended July 31, 2018 was $670.

For the three months ended July 31, 2018, the recognized share-based payments expense of $446 (2017 - $79).

Related Party Transactions and Balances

During the years ended April 30, 2018 and 2017, the Company incurred following major related party transactions:

a) A total of $55 (2017 $52) in occupancy expenses charged by 1089322 Ontario Inc. and Lifemax Natural Foods Distribution Inc., whose shareholders are also shareholders of the Company. As at July 31, 2018, prepaid expenses included NIL (2017: $41), deferred lease inducement included $2 (2017 $6) and accounts payable and accrued liabilities included $NIL (2017 $50) payable to this company.

b) A total of $NIL (2017 $6) of accounting fees were paid to Forbes Anderson and $15 (2017 $6) of consulting fees were charged by the previous CEO of Canada House, both of which are shareholders of the Company. As at July 31, 2018, accounts payable and accrued liabilities included $97 (2017 $260) payable to these accounting firms.

c) A total of $329 (2017 $161) of salaries were paid to the officers, directors and key members of the Company's senior management team.

d) The amount of stock based compensation expense for the three months ending July 31, 2018 granted to directors and key members of management during the year ended April 30, 2018 was $446 (2017 $79).

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

Subsequent Events

Subsequent to the three months ending July 31, 2018:

a) The Company converted $105 of convertible debentures for a total of 552,630 Common shares and issued 17,650,540 shares to Medicine Man Technologies Inc. The Company, through its wholly owned subsidiary Abba Medix Corp., had entered into an exclusive licensing agreement with

Medicine Man Technologies Inc., one of the United States' leading cannabis branding and consulting companies, for deployment of its intellectual property and product lines (Three a Light ®, Success Nutrients ®, General Intellectual Property) into the Canadian marketplace. The licensing agreement calls for payment of $4,650 in the form of cash and stock for licensing of Medicine Man's intellectual property, product lines, and assignment of an existing Cultivation MAX agreement to Canada House. Under the terms of the transaction, Canada House will pay cash consideration, of which $575 will be paid July 17, 2018, the effective date of the agreement, and $575 will be payable no later than November 30, 2018. The remaining payment will be satisfied by Canada House issuing to Medicine Man an aggregate of $3,500 worth of common shares in the capital of the Company. The Company and Medicine Man will exchange capital stock having an aggregate value of $1,000 in the form of a stock swap to completed within 90 days of the closing date.

b) On August 9, 2018, the Company entered into a settlement agreement with a former officer of the Company for prior services.

c) On August 10, 2018, the Company announced that, in connection with the resignations of the Directors, an aggregate of 2,950,000 stock options originally granted on December 22, 2017 at an exercise price of $0.47 were cancelled.

d) On August 10, 2018, the Company announced that for services to the Company, cash payments of $65 were approved and an aggregate of 950,000 warrants to purchase common shares were issued having an exercise price of $0.20 and expiring on August 9, 2022.

e) On August 10, 2018, the Company announced that, in connection with the appointment of two new directors, an aggregate of 1,500,000 stock options to be granted effective August 10, 2018, having an exercise price of $0.20 and a five-year term. The options vest immediately.

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 October 29, 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

These consolidated financial statements of the Company for the year ended April 30, 2018, comprise the results of the Company and its wholly owned subsidiaries Abba Medix Corp. ("Abba"), 672800 NB Inc. doing business as Marijuana for Trauma ("MFT"), The Longevity Project Corp ("TLP") and 690050

NB Inc. doing business as Knalysis Technologies ("Knalysis"). Using its own proprietary patient management software developed by Knalysis, MFT provides education services concerning appropriate cannabinoid therapies to patients and in the future, through Abba, intends to offer its own strains of medical cannabis. Abba has received its license to produce medical marijuana under the Access to Cannabis for Medical Purposes Regulations ("ACMPR"), as well as its license to produce cannabis oil. The Company has started growing but has not harvested any plants and all efforts to date have been for research purposes. It continues to work to receive its license to sell and prepare the production of its products.

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

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

New standards, amendments and interpretations

The following new accounting standards were applied or adopted during the period ended July 31, 2018:

[i] IFRS 9 - Financial Instruments ["IFRS 9"]

The adoption of IFRS 9 did not have any impact on the Company's consolidated financial statements. IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 has not had a significant effect on the consolidated financial statements. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income [''FVOCI'']; or fair value through profit and loss [''FVTPL'']. The classification of financial assets under IFRS 9 is based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated. Instead, the hybrid financial asset as a whole is assessed for classification.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash

flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset [unless it is a trade receivable without a significant financing component that is initially measured at the transaction price] is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL	Subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	Subsequently measured at amortized cost using the effective interest method, less any impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	Subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment losses are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	Subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are not reclassified to profit or loss, even upon derecognition.

[ii] IFRS 15 – Revenue from Contracts with Customers ["IFRS 15"]

IFRS 15 supersedes IAS 18 – *Revenue* and IAS 11 – *Construction Contracts* and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Company adopted IFRS 15 using the modified retrospective method of adoption on May 1, 2018. The effect of adopting IFRS 15 did not have any impact on the Company's consolidated financial statements.

The Company has not applied the following new and revised accounting standards that have been issued but are not yet effective:

[i] IFRS 16 – Leases ["IFRS 16"]

In January 2016, the IASB issued IFRS 16, which specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019, and a lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. Early adoption is permitted if IFRS 15 has also been adopted. The Company is in the process of evaluating the impact of IFRS 16 on the Company's financial statements.

[ii] IFRIC 23 – Uncertainty over Income Tax Treatment ["IFRIC 23"]

In June 2017, the IASB issued IFRIC 23, which clarifies the accounting for uncertainties in income taxes. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019. The requirements are applied by recognizing the cumulative effect of initially applying them in retained earnings, or in other appropriate components of equity, at the start of the reporting period in which the Company first applies them, without adjusting comparative information. Full retrospective application is permitted, if the Company can do so without using hindsight. The Company is in the process of evaluating the impact of IFRIC 23 on the Company's consolidated financial statements.

Contingencies

a) A statement of claim was filed by a terminated employee claiming compensation for general, aggravated and punitive damages related to his dismissal. At the time of his dismissal, Canada House provided the Plaintiff with pay in lieu of notice. The Plaintiff has claimed under the principles of breach of contract and good faith for general, aggravated, and punitive damages. On June 15, Canada House filed a Notice of Intent to Defend and on June 25, it filed its Statement of Defence. This matter is now in the document discovery phase and the parties are engaged in settlement discussions. The Company believes the claim to be without merit.

b) Canada House and its subsidiary, Abba Medix Corp. were served with a Statement of Claim for damages for the alleged failure to pay invoices in the amount of $200 plus pre and post judgment interest. Pleadings have now closed and the parties are in the process of

scheduling examinations for discovery. Given that examinations for discovery have not yet occurred it is too early in the process to have a reasonable expectation or evaluation of the Plaintiff's claim, but the Company believes the Plaintiff has a weak case and may be statute barred.

c) The Company has received a letter from the landlord of an MFT clinic claiming an outstanding amount of $176, plus accruing interest, as of December 1, 2017. The Plaintiff has not yet filed a claim and it is difficult to assess the result of any legal action.

d) The Company has claimed lost profits against a license medical cannabis producer and related medical cannabis clinic and their principals for breach of confidence, conversion, breach of contract, conspiracy and breach of trust, breach of fiduciary duty, and negligent misrepresentation in relation to Trauma Healing Centers Inc. The Defendant's have counterclaimed, pleadings have now closed and the parties are in the process of scheduling examinations for discovery. Given that examinations for discovery have not yet occurred and that the counterclaim of the Defendant is for "loss of profits", it is too early in the process to have a reasonable expectation or evaluation of the claims.

Risk Factors Related to the Transaction

Acquisitions Generally

While the Company conducted substantial due diligence in connection with the Transactions, 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 Transaction. All of these factors could cause a delay the anticipated accretive effect of the Transaction 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 Transaction, 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 Transaction. Difficulties encountered as a result of the Transaction may prove problematic to overcome such as, without limitation, the inability to *Failure to Realize Benefits of Acquisitions (continued)*

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 Transaction, 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 Medix Corp. and to the Medical Cannabis Industry

Cannabis Activities in the United States

Marijuana is illegal under US federal law and enforcement of relevant laws is a significant risk. The Company operates in the medical marijuana sectors in Canada and the United States only in jurisdictions where such activity is permitted and regulated by applicable laws, but there is a risk that third party service providers could suspend or withdraw services and regulators could impose certain restrictions on the issuer's ability to operate in the U.S.

Given the illegality of marijuana under U.S. federal law, it may be more difficult to access private and public capital markets. There is, however, active and robust investor interest in the marijuana sector in Canada and elsewhere where companies limit their activities to U.S. State jurisdictions which have legalize marijuana and developed a licensing and compliance regime. The Company will not operate in U.S. State jurisdictions to such jurisdictions.

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 Medix Corp. does not yet have a License to Sell under the MMPR/ACMPR

The Group, through its wholly owned subsidiary Abba Medix Corp., has received Health Canada's License to Cultivate under the ACMPR that would enable Abba Medix Corp. to commence the cultivation of medical cannabis. Abba Medix Corp. expects to eventually receive a License to Sell, which will allow it to sell medical cannabis to patients across Canada. There can be no assurance that Abba Medix Corp. will obtain such a License to Sell.

Abba Medix Corp.'s success to date includes:

- Abba Medix Corp. has received its license to cultivate medical cannabis, and
- Abba Medix Corp. has accomplished substantial work towards the build out of its proposed cannabis grow Facility.

Even if Abba Medix Corp. is successful in obtaining a License to Sell, such License will subject Abba Medix 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 Medix Corp. would be required to submit an application for renewal to Health Canada containing information prescribed under the ACMPR and renewal cannot be assured.

Licensing Requirements under the ACMPR

The market for cannabis (including medical cannabis) in Canada is regulated by the CDSA, the ACMPR, the Narcotic Control Regulations, and other applicable law. Health Canada is the primary regulator of the industry as a whole. The ACMPR aims to treat cannabis like any other narcotic

Licensing Requirements under the ACMPR (continued)

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 ACMPR is subject to stringent Health Canada licensing requirements.

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 July 31, 2018, the Facility is being completed. 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.

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

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.

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 to Sell 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.

In June, 2018, "An Act respecting cannabis and to amend the Controlled Drugs and Substances Act, the Criminal Code and other Acts" was passed by the Canadian Federal government, making cannabis legal for recreational use by October 17, 2018. The Act aims to accomplish 3 goals:

- keep cannabis out of the hands of youth
- keep profits out of the hands of criminals
- protect public health and safety by allowing adults access to safe, legal cannabis

The sudden start of legalization may result in disequilibriums between supply and demand causing rapid and sudden changes in prices and massive supply chain disruption.

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 Medix 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, including product liability claims. 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.

In June, 2018, "An Act respecting cannabis and to amend the Controlled Drugs and Substances Act, the Criminal Code and other Acts" was passed by the Canadian Federal government, making cannabis legal for recreational use by October 17, 2018. The Act aims to accomplish 3 goals:

- keep cannabis out of the hands of youth
- keep profits out of the hands of criminals
- protect public health and safety by allowing adults access to safe, legal cannabis

The sudden start of legalization may result in dis-equilibriums between supply and demand causing rapid and sudden changes in prices and massive supply chain disruption. 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.

Risk Factors Related to the United States
Investors are cautioned that in the United States, cannabis is largely regulated at the state level. To the Company's knowledge, there are to date a total of 29 states, plus the District of Columbia, Puerto Rico and Guam that have legalized cannabis in some form, including Florida, Massachusetts and Ohio. Nine states and Washington D.C. have legalized recreational cannabis in some form, including Massachusetts. Notwithstanding the permissive regulatory environment of medical cannabis at the state level, cannabis continues to be categorized as a controlled substance under the CSA and as such, violates federal law in the United States. Senators Elizabeth Warren and Cory Gardner have introduced a bipartisan Senate bill titled "Strengthening the Tenth Amendment Through Entrusting States (STATES) Act" that would lift the Controlled Substance Act's restrictions on cannabis in states that have written their own laws. However, there can be no assurances as to when this bill will pass, or if it will pass at all.

The United States Congress has passed appropriations bills in 2018 and each of the last three years that have not appropriated funds for prosecution of cannabis offenses of individuals who are in compliance with state medical cannabis laws. American courts have construed these appropriations bills to prevent the federal government from prosecuting individuals when those individuals comply with state law. However, because this conduct continues to violate federal law, American courts have observed that should Congress at any time choose to appropriate funds to fully prosecute the CSA, any individual or business—even those that have fully complied with state law—could be prosecuted for violations of federal law. And if Congress restores funding, the government will have the authority to prosecute individuals for violations of the law before it lacked funding under the CSA's five-year statute of limitations.

Violations of any federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the federal government or private citizens, or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities or divestiture. Though the Company does not directly engage in activities

that may be the subject of any such proceedings, its Knalysis division has a small portion of clientele that operates in Pennsylvania. The Company notes that revenue from such clientele currently does not comprise a material portion of the Company's consolidated revenues.

INFORMATION COMMUNICATION CONTROLS AND PROCEDURES

Management, including the 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 yesr ended April 30, 2018 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 months ending July 31, 2018 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 September 30 2018. Additional information about the Company is available under the Company's profile on the SEDAR website.

(signed) Chris Churchill-Smith	*(signed)* Paul L Hart, MBA, CPA, CA, CDir
Chief Executive Officer	Chief Financial Officer