Delta 9 Cannabis Inc.

Management's Discussion and Analysis

(For the year ending December 31, 2017)

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Introduction:

The management's discussion and analysis ("MD&A") of the financial condition and results of operations of Delta 9 Cannabis Inc. (the "Company"), is for the year ending December 31, 2017, and is prepared as of April 30, 2018. It is supplemental to, and should be read in conjunction with, the Company's audited consolidated financial statements for the year ending December 31, 2017.

This MD&A provides information that management of the Company believes is important to assess and understand the results of operations and financial condition of the Company. Our objective is to present readers with a view of the Company from management's perspective by interpreting the material trends and activities that affect the operating results, liquidity and financial position of the Company. All monetary amounts herein are expressed in Canadian Dollars unless otherwise specified.

The Company's financial statements are prepared in accordance with International Financial Reporting Standards.

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

Notice Concerning Forward-looking Statements:

This MD&A contains forward-looking statements. All statements other than statements of historical fact contained in this MD&A are forward-looking statements. Prospective investors can identify many of these statements by looking for words such as "believes", "expects", "will", "may", "intends", "projects", "anticipates", "plans", "estimates", "continues" and similar words or the negative thereof.

Forward-looking statements are necessarily based upon a number of expectations or assumptions that, while considered reasonable by management at the time the statements are made, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Readers are cautioned to not place undue reliance on forward-looking statements which only speak as to the date they are made. Although management believes that the expectations and assumptions underlying such forward-looking statements are reasonable, there can be no assurance that such expectations or assumptions will prove to be correct. A number of factors could cause actual future results, performance, achievements and developments of the Company and/or its subsidiaries to differ materially from anticipated results, performance, achievements and developments expressed or implied by such forward-looking statements, including all of the risk factors set out under "Risk Factors" herein.

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this MD&A are made as of the date of this MD&A or such other date specified in such statement. Except as required by law, the Company disclaims any obligation to update any forward-looking information, estimates or opinions, future events or results or otherwise.

Company Overview:

The Company, through its wholly-owned subsidiary, Delta 9 Bio-Tech Inc. ("Delta 9 Bio-Tech"), is a licensed producer of medical cannabis pursuant to the Access to Cannabis for Medical Purposes Regulations (the "ACMPR") and operates an 80,000 square foot production facility in Winnipeg, Manitoba, Canada. On October 31, 2017, the Company, under its former name "SVT Capital Corp." completed a reverse takeover transaction pursuant to which it acquired all of the issued and outstanding shares of Delta 9 Bio-Tech by way of a three-cornered amalgamation (the "Amalgamation") pursuant to an amalgamation agreement (the "Amalgamation Agreement") among the Company, Delta 9 Bio-Tech, and a wholly-owned subsidiary of the Company ("Newco"). In connection with the closing of this transaction, the Company changed its name from "SVT Capital Corp." to "Delta 9 Cannabis Inc.".

Pursuant to the Amalgamation Agreement, Delta 9 Bio-Tech amalgamated with Newco under the provisions of the *Canada Business Corporations Act*, with the amalgamated company continuing as a wholly-owned subsidiary of the Company under the name "Delta 9 Bio-Tech Inc.". The Company issued one common share of the Company (a "Common Share") to each former shareholder of Delta 9 Bio-Tech for each share of Delta 9 Bio-Tech owned by such shareholder. All other securities of Delta 9 Bio-Tech were exchanged for securities of the Company at a ratio of one security of Delta 9 Bio-Tech for one security of the Company. The Common Shares of the Company resumed trading following the Amalgamation on the TSX Venture Exchange on November 6, 2017 under the symbol "NINE".

Due to the fact that the Amalgamation was considered to be a reverse takeover transaction and that the Company changed its financial year end from March 31 to December 31 to confirm with the financial year end of Delta 9 Bio-Tech, the financial statements of the Company for the year ended December 31, 2017 include two months of operations of the Company and 12 months of operations of Delta 9 Bio-Tech. The comparison financial statements of the Company for the year ended December 31, 2016 consist solely of the operations of Delta 9 Bio-Tech. References to the Company in this MD&A prior to October 31, 2017 refer to Delta 9 Bio-Tech unless otherwise noted.

The address of the registered office of the Company is Suite 1800, 355 Burrard Street, Vancouver, British Colombia, V6C 2G8.

Delta 9 Bio-Tech owns one subsidiary, Delta 9 Lifestyle Cannabis Clinic Inc. ("Delta 9 Lifestyle"). Delta 9 Lifestyle was incorporated under *The Corporations Act* (Manitoba) on February 9, 2017. Delta 9 Bio-Tech owns 51% of the issued and outstanding shares of Delta 9 Lifestyle. The remaining 49% of the issued and outstanding shares are owned by 7217804 Manitoba Ltd., an arm's length third party. Delta 9 Lifestyle operates a medical clinic, which markets the "Delta 9" brand to patients and provides physician consultation services to patients seeking a medical recommendation.

Annual Highlights:

Charting a Strong Financial Course

At the end of December 2016, the Company's management recognized the need to adequately capitalize the Company, charting a strong financial course which would allow for the Company to compete as a strong player in the growing cannabis sector. It was the management's goal to raise a substantial pool of capital resources for its planned growth and expansion into the medical and anticipated recreational use cannabis markets both domestically and internationally. The Company undertook several staged financings in 2017 in order to achieve this goal. See "Financing Activities" below for details on the Company's completed financings in 2017.

Approval of Proprietary Grow Pods and Expansion Plans

The Company's proprietary production methodology is based around a modular, scalable, and stackable production unit called a grow pod (a "Grow Pod"). The Company currently retrofits standard, once-used 40' high cube shipping containers into Grow Pods, which ensures compliance with federal security and good production practices as well as optimal conditions and layouts for large scale production of cannabis products. The Company retrofits containers at its business premises, employing the Company's own staff as well as independent certified contractors.

In July 2017, the Company received approval from Health Canada for its first 15 Grow Pod units which were commissioned immediately. At that time the Company's management submitted an application to add an additional 143 Grow Pods, which would support expansion through much of 2018.

On November 15, 2017 the Company received a confirmation of readiness from Health Canada to proceed with the next phase of the Company's planned expansion of its production facility. The conditional approval covers the construction and installation of up to 143 Grow Pods in addition to the original 15 Grow Pods approved by Health Canada, bringing the total number of Grow Pods approved to 158.

Management believes that the development of the Grow Pods and approvals received over the year 2017 are instrumental to the company's growth plans moving forward.

Positioning for legalization of Recreational Use Cannabis in Canada

On April 13, 2017, the Canadian federal government put forward proposed legislation, the *Cannabis Act* (Canada), outlining the framework for the legalization of recreational, adult-use of cannabis, as well as laws to address drug-impaired driving, protect public health and safety, and prevent youth access to cannabis. Provincial and municipal governments have been given explicit authority by the federal government to provide regulations regarding retail and distribution of cannabis, as well as the ability to alter some of the existing regulations, such as increasing the minimum age for purchase and consumption. The ACMPR will continue to operate in tandem with the recreational regime, and will be re-evaluated within five years of the *Cannabis Act* (Canada) coming into force. Licensed cannabis producers under the ACMPR will be deemed to be licensed under the *Cannabis Act* (Canada) as well.

On November 27, 2017, the House of Commons passed the *Cannabis Act* (Canada) at third reading. Once the *Cannabis Act* (Canada) is passed by the Senate, it will receive royal assent and become law; however, the provinces will need an additional eight to twelve weeks from such date to prepare for retail sales. On March 22, 2018, the *Cannabis Act* (Canada) passed second reading in the Senate, giving the bill approval in principle. The bill is now before the Standing Senate Committee on Social Affairs, Science and Technology for closer scrutiny, witness testimony, and proposed amendments before returning to the Senate for a final debate and vote, which is expected by June 7, 2018.

On December 5, 2017, the Government of Manitoba introduced *The Safe and Responsible Retailing of Cannabis Act* (Manitoba), which would amend *The Liquor and Gaming Control Act* (Manitoba) and *The Manitoba Liquor and Lotteries Control Act* (Manitoba) to authorize and regulate the retail sale of cannabis in Manitoba as soon as it is permitted under federal law. Once in place, all businesses selling cannabis in storefronts or online must be provincially licensed. Under the proposed legislation, Manitoba Liquor & Lotteries Corporation ("MLLC") would be responsible for acquiring all cannabis for retail sale, and only cannabis sourced through them may be sold. MLLC would be authorized to enter into agreements with licensed cannabis distributors. It is anticipated that the Liquor and Gaming Authority of Manitoba will be renamed the Liquor, Gaming and Cannabis Authority of Manitoba and will be responsible for licensing cannabis stores and distributors in the province of Manitoba, with its inspectors being responsible for compliance enforcement.

In light of the Canadian federal government's demonstrated commitment to the enactment of the proposed *Cannabis Act* (Canada) and the introduction of related legislation and regulations by the

Government of Manitoba and other provincial governments, the Company continues to prepare for the launch of the adult-use, recreational cannabis market in Canada, which is currently anticipated to occur during the third quarter of 2018. After such legalization, management will focus on vertical integration into retail sales of adult-use, recreational cannabis products and value added products such as cannabis oils and extracts across the prairie provinces.

Exploring Growth Drivers and Pursuing Growth Opportunities in Medical Use Cannabis in Canada and Globally

Dried Cannabis

Delta 9 Bio-Tech currently produces approximately 20 different genetic strains of cannabis, each with its own unique chemical cannabinoid content, terpene, and flavonoid profiles, and with another 40 strains being stored on site in a seed bank to provide for product options in the future. All cannabis production by the Delta 9 Bio-Tech is done at Delta 9 Bio-Tech's production facility, located at 760 Pandora Avenue East in Winnipeg, Manitoba. Management believes that Delta 9 Bio-Tech has one of the largest in-house stocks of unique genetic cannabis strains among cannabis producers in Canada. Delta 9 Bio-Tech currently produces, processes and dries these genetic cannabis strains into whole flower medical cannabis products. "Whole flower" cannabis refers to the unaltered flower of the female cannabis plant that appears in "bud" form. No undesirable components such as stalks, stems and leaves are included in whole flower cannabis. Whole flower dried cannabis currently accounts for approximately 90% of Delta 9 Bio-Tech's overall product offering.

Delta 9 Bio-Tech currently produces two alternative dried cannabis products to complement its offering of whole flower dried cannabis.

The first is a house blend product, which consists of several high quality dried cannabis products blended together to produce a milled finished product. The products used for the house blend are products which would not otherwise meet quality standards for whole flower dried cannabis and, as opposed to becoming a waste product, are turned into a cheaper blended material, which is used by Delta 9 Bio-Tech for pre-rolled joints or cannabis cigarettes, and cannabis teas, extracts and edible products. Delta 9 Bio-Tech's house blended products currently account for approximately 10% of its overall production output and currently sell for a discounted $4.25 per gram.

The second is a dried sift cannabis product which involves sifting Delta 9 Bio-Tech's house blend and refining it, leaving more of the high potency resin glands and less of the low potency plant material. The final product is a yellow/brownish powder and has a potency that is up to double that of the whole flower dried cannabis materials. Delta 9 Bio-Tech's dried sift cannabis product is a premium quality and potency dried extract product, and currently sells at a premium price of between $15 and $20 per gram.

Virtually all of Delta 9 Bio-Tech's revenues over the past two financial years have come from the sale of dried cannabis to its third party customers. Delta 9 Bio-Tech also sells live cannabis plants directly to customers and other cannabis producers, but these sales represent a very small portion of Delta 9 Bio-Tech's current revenues. Delta 9 Bio-Tech also sells a small amount of ancillary products, such as cannabis vaporizers and accessories, to Delta 9 Lifestyle for sale by it, but these sales represent a very small portion of Delta 9 Bio-Tech's current revenues.

Oils, Extracts and Derivative Products

Delta 9 Bio-Tech is currently licensed to produce cannabis oils, extracts, and derivative products. However, Delta 9 Bio-Tech is not currently licensed to sell these materials and has not commercialized a product in these lines to the point that it is ready for sale to the public. The market for these products is very restrictive, with strict limits on potency and content of extract materials. It is management's belief that these products will become an increasingly important component of the medical and recreational cannabis markets in the future. Delta 9 Bio-Tech anticipates commercializing its first run of cannabis extract products by the end of the second quarter of 2018.

Medical Clinic

Delta 9 Lifestyle operates a medical clinic located at 478 River Avenue in Winnipeg, Manitoba, in the heart of the Osborne Village area, which is a high density, mixed use character neighborhood on the periphery of the downtown core. The clinic helps market the "Delta 9" brand to patients and provides physician consultation services to patients seeking a medical recommendation for a cannabis prescription.

Pharmacy Distribution

It is management's belief that over the long term, pharmacies will be integrated into the distribution chain for medical cannabis products. As such, the Company's management team will begin exploring relationships with Canadian and international pharmacy chains.

Financing Activities:

Non Brokered Private Placement of Common Shares (April 2017)

In April 2017, Delta 9 Bio-Tech closed a non-brokered private placement of shares pursuant to which Delta 9 Bio-Tech issued 5,036,000 common shares at a price of $0.25 per share for gross proceeds of $1,259,000.

Brokered Private Placement of Debentures (May 2017)

On May 30, 2017, Delta 9 Bio-Tech closed an offering of convertible debentures for aggregate gross proceeds of $3,000,000. The offering was led by Canaccord Genuity Corp. The debentures carried interest of 10% per year, non-compounding, and payable at maturity, which was one year after the date of issuance. The principal and accrued interest of the debentures was convertible automatically into shares of Delta 9 Bio-Tech at a price of $0.45 per share upon closing of the Amalgamation. On October 31, 2017, upon closing of the Amalgamation, the outstanding debentures were converted into 6,947,945 Common Shares.

Brokered Private Placement of Common Shares (October 2017)

On October 31, 2017, in connection with the closing of the Amalgamation, the Company closed a private placement offering of 8,000,000 Common Shares at a price $0.65 per Common Share for aggregate gross proceeds of $5,200,000. The private placement offering was led by Canaccord Genuity Corp.

Brokered Bought Deal Financing (December 2017)

On December 28, 2017, the Company closed a bought deal short form prospectus offering of 8,521,000 units at a price of $2.70 per unit for aggregate gross proceeds of $23,008,050. This included 1,111,500 units that were sold pursuant to the exercise of an over-allotment option granted to the underwriters for the offering. Each unit was comprised of one Common Share and one warrant. Each warrant entitles the holder thereof to purchase one additional Common Share at a price of $3.25 per Common Share for a period of 30 months from the date of issuance. The bought deal offering was led by Canaccord Genuity Corp.

Summary of Financing Activities

For the year ending December 31, 2017, the Company and its subsidiaries raised an aggregate total of $32,467,050 in gross financing proceeds. These proceeds were used to pay down long term debt, to expand the Company's cannabis production and distribution operations, and to pursue opportunities to create shareholder value over the long term.

Select Annual Information:

Consolidated Statement of Net Loss	2017	2016	2015
Revenue	**$944,114**	**$498,334**	**$609,871**
Cost of Sales	627,376	496,316	604,441
Gross Profit Before Unrealized Gain From Changes In Biological Assets	316,738	2,018	5,430
Unrealized gain from changes in fair value of biological assets	125,943	98,039	203,869
Gross Profit	**$442,681**	**$100,057**	**$209,299**
Expenses			
General and Administrative	2,514,621	1,447,712	1,198,317
Sales and Marketing	383,797	172,260	145,690
Share based Compensation	257,189	0	0
Total Operating Expenses	**$3,155,607**	**$1,619,972**	**$1,344,007**
Loss from Operations	**$(2,712,926)**	**$(1,519,915)**	**$(1,099,651)**
Other Income/ Expenses			
Other Income (Other Income, Rental Income, Disposal of Assets)	7,751	37,355	35,057
Public Listing Costs	**(5,219,055)**	**0**	**0**
Net Loss and Comprehensive Loss	**$(7,924,230)**	**$(1,482,560)**	**$(1,099,651)**
Loss per Share (basic)	$(0.16)	$(0.04)	$(0.03)
Weighted average number of shares outstanding	48,732,913	37,350,000	36,473,116

Consolidated Statement of Financial Position	2017	2016	2015
Current Assets	$24,760,610	$284,022	$493,839
Property, Plant, and Equipment	$275,192	124,698	216,025
Total Assets	**$25,035,802**	**$408,720**	**$709,864**
Current Liabilities	$479,404	$1,805,773	$624,357
Long Term Liabilities	0	0	0
Total Liabilities	**$479,404**	**$1,805,773**	**$624,357**
Shareholder Equity/ (Deficiency)	**$24,556,398**	$(1,397,053)	$85,507

Discussion of Operations:

Revenue, Cost of Sales and Gross Profitability

Revenues from the sale of cannabis products and services for the year ending December 31, 2017 were $944,114 versus $498,334 for the year ending December 31, 2016, an increase of 94.2% compared to the previous year. Cannabis products and services includes dried cannabis, cannabis plants and seeds, ancillary cannabis products and accessories, hemp products, and medical consulting services.

Management attributes the increase in revenue to an increase in overall registered cannabis patients from 1,218 registered patients as at December 31, 2016 to 2,487 as at December 31, 2017.

The cost of sales of cannabis products for the year ending December 31, 2017 was $627,376 (66.5% of overall Revenue) versus $496,316 (99.6% of overall revenue) for the year ending December 31, 2016. Management attributes the proportionate decrease in cost of sales to increases in overall production capacity and output of dried cannabis products over the reporting period. Management anticipates that as production capacity increases in 2018 that cost of production and cost of sales will continue to trend down as a percentage of overall revenues, due to incremental efficiencies in labour costs and increased purchasing power for key inputs.

Gross profit, after accounting for the unrealized gain from changes in the fair value of biological assets, for the year ending December 31, 2017 was $442,681 (46.9% of overall revenue) versus $100,057 (20.1% of overall revenue) for the year ending December 31, 2016.

Operating Expenses

Operating expenses for the year ending December 31, 2017 were $3,155,607 versus $1,619,972 for the year ending December 31, 2016, an increase of $1,535,635 (94.8%) year over year.

Management attributes the majority of the increase in operating expenses to general increases in overall costs in the following categories:

- Interest and loan fees increased to $202,422 from $63,703 the year prior, mostly attributable to interest accrued in connection with the $3,000,000 debenture offering.
- Personnel expenditures increased to $1,035,949 from $609,444 the year prior, due to an increase in overall staffing levels to 43 full time staff from 22.
- Site renovation costs increased to $208,642 from $31,985 the year prior, due to increased pace of expansion of production operations.
- Other operating expenses increased to $514,408 from $127,080 the year prior, due to increases in accounting costs (increased to $109,264 from $4,320 the year prior), legal costs (increased to $121,852 from $0 the year prior), and sales and marketing (increased to $146,102 from $19,838).

Public Listing Costs

The Amalgamation was accounted for as a reverse takeover transaction that did not constitute a business combination. For accounting purposes, the legal subsidiary Delta 9 Bio-Tech was treated as the acquirer and the Company, being the legal parent, was treated as the acquiree. The Company recognized a public listing cost for the year ending December 31, 2017 of $5,219,055, comprised of the following:

Reverse Acquisition:	
Fair Value of Share Consideration Paid	$3,555,812
Transaction Costs	1,193,587
Adjustment to fair value of SVT Warrants	215,370
Total Cost of Acquisition	4,964,769
Allocated as Follows:	
Cash	82
Trade and other receivables	4,973
Prepayments	27,950
Accounts payable and accrued liabilities	(187,272)
Loans payable	(100,019)
Net assets of SVT acquired	(254,286)
Public Listing Cost:	**$5,219,055**

Of the total listing cost expense $3,771,182 was non-cash. This public listing cost is not expected to recur in the future. For accounting purposes the consolidated financial statements for the year ending December 31, 2017, reflect a combination of the financial position, operating results, and cash flows of the Company and Delta 9 Bio-Tech.

Net Loss

The Company's net loss for the year ending December 31, 2017 was $7,924,230 versus $1,482,560 for the year ending December 31, 2016. Management attributes the increased net loss to public listing costs (of $5,219,055) as well as the general expansion of operations and operating expenses during the reporting period.

Summary of Quarterly Results:

Consolidated Statement of Net Loss	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Revenue	**$302,284**	**$303,877**	**$190,099**	**$147,854**
Cost of Sales	42,137	269,815	155,354	159,970
Gross Profit Before Unrealized Gain From Changes In Biological Assets	260,147	34,062	34,745	(12,116)
Unrealized gain from changes in fair value of biological assets	-	-	208,850	93,578
Gross Profit	**$260,147**	**$34,062**	**$243,595**	**$31,462**
Expenses				
General and Administrative	908,458	591,806	1,207,954	385,225
Sales and Marketing	133,893	69,309	108,797	71,798
Total Operating Expenses	**$1,042,351**	**$661,115**	**$1,316,751**	**$457,023**
Loss from Operations	**$(782,204)**	**$(627,053)**	**$(1,073,156)**	**$(425,561)**

Liquidity:

Working Capital Position

The Company is exposed to liquidity risk or risk of not meeting financial obligations as they come due. The Company constantly monitors and manages its cash flows to assess the liquidity necessary to fund operations. As at December 31, 2017 the Company had a working capital position of $24,286,685 versus a negative working capital position of ($1,521,751) as at December 31, 2016.

As noted under Financing Activities, the Company closed a bought deal financing by way of a short form prospectus, raising gross proceeds of $23,008,050. The purpose of this offering is to provide sufficient cash for the Company's capital expansion and working capital requirements. Management believes that this is sufficient capital to meet these needs for the current fiscal year.

Cash flows from operations are expected to increase in the later part of the third quarter of 2018 with increased revenues anticipated from the sales of recreational use cannabis products resulting from the federal government's planned legalization.

Working Capital Requirements

In February 2015, the Company signed a three year lease agreement for its production facility with 6599362 Canada Ltd., a company controlled by a director of the Company. As of December 31, 2016 the Company had an annual lease commitment of $604,122.

On July 24, 2017 the Company signed a letter of intent to renew its lease for its production facility which will expire on February 1, 2018. Under the letter of intent, the Company has the option to renew the initial term of the lease for two additional five year terms. Rent shall be paid on a monthly basis until a new lease is negotiated.

Capital Resources:

The Company has committed a portion of its currently available capital for expansion purposes as follows:

- 112 Additional Grow Pods:	$4,336,000
- Related Infrastructure Costs:	$675,000
- Total Budgeted Capital Expansion Costs:	$5,011,000
- 50% Interest in Westleaf Project (see "Proposed Transactions" below):	$3,000,000
- Total Planned Capital Commitments for 2018:	$8,011,000

Off-Balance Sheet Arrangements:

As at December 31, 2017, the Company had no off-balance sheet arrangement such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

Transactions Between Related Parties:

Related entities have advanced funds to the Company through various loans, some of which were secured by promissory notes and others which were unsecured with not specified terms of repayment.

During the year ended December 31, 2017, the Chairman and the Chief Executive Officer of the Company used their corporate credit cards to cover expenses of the Company. These funds were subsequently repaid by the Company.

On April 1, 2017, Delta 9 Bio-Tech entered into a unanimous shareholders agreement with the other shareholder of Delta 9 Lifestyle., 7217804 Manitoba Ltd. Delta 9 Bio-Tech has provided a shareholder loan in the amount of $51,000 to Delta 9 Lifestyle.

On September 20, 2017, a loan agreement was entered into between Oceanside Strategies Inc. (whose CEO is a director of the Company) and the Company was signed for a total amount of $72,571. The loan is unsecured and bears interest at 1% per annum. The loan is repayable on the date that is one year from the date of the loan or upon demand by the Company.

For a summary of the lease and property purchase agreements between the Company and 6599362 Manitoba Ltd., see "Proposed Transactions" below. 6599362 Manitoba Ltd. is a related party of the Company because it is controlled by a director of the Company.

Proposed Transactions:

Property Acquisitions

On March 19, 2018, the Company entered into a letter of intent and a new lease for its production facility with 6599362 Manitoba Ltd., a related party. Pursuant to the terms and conditions of the letter of intent, it is anticipated that the Company or its nominee(s) will purchase from 6599362 Manitoba Ltd. certain additional properties consisting of three warehouse buildings having a total floor area of approximately 100,000 square feet and the approximately 40 acres of additional land located adjacent to its current production facility. Pending completion of the purchase and sale of these properties, the Company has entered into a new lease of its production facility with 6599362 Manitoba Ltd. at a basic rent of $6.60 per square foot per year ($350,875 per year) and additional rent of $4,440 per month.

On March 23, 2018, the Company entered into an option agreement with 6599362 Manitoba Ltd. to exercise its option under its lease to purchase: (i) the building housing its production facility and the land upon which it is situated for a purchase price of $6,250,000, plus applicable taxes; and (ii) certain containers the Company uses to grow its cannabis products for a purchase price of $952,000, plus applicable taxes.

It is anticipated that the Company will complete the purchase of its production facility during 2018 prior to completing the acquisition of the expansion properties. The acquisition of the expansion properties cannot take place until a subdivision is completed by the City of Winnipeg, a process that may take several months to complete. All of these transactions remain subject to standard closing conditions, including the completion of satisfactory due diligence by the Company and the approval of the TSX Venture Exchange.

Management believes that the acquisition of these properties by the Company will have a positive effect on the financial condition of the Company as the Company will no longer be required to pay rent on these properties and the Company will be able to more quickly expand its production of cannabis products.

Westleaf Project

On January 29, 2018, the Company announced that it entered into a non-binding letter of intent with Westleaf Cannabis Inc. ("Westleaf") to create a strategic partnership for the joint development of a large-scale cannabis production facility located in Southern Alberta (the "Westleaf Project"). Pursuant to the terms of the letter of intent, the Company and Westleaf will each own a 50% equity interest in the Westleaf Project, which will include the retrofit of an existing building that is intended to be equipped to produce approximately 4,000 kilograms of dried cannabis flower per annum and an extraction lab for the production of cannabis oil and derivative products. The Westleaf Project is expected to be operational as early as the third quarter of 2018 and is intended to supply cannabis products to Alberta medical and recreational markets.

On April 19, 2018 the Company announced that it entered into a definitive limited partnership agreement with Westleaf and Delta West Inc. On this date the Company and Westleaf confirmed that each party had funded $3,000,000 for their 50% equity interests in the Westleaf Project. Certain cannabis genetics products will be provided to the Westleaf Project by the Company. Westleaf Cultivation Management II Inc., a wholly owned subsidiary of Westleaf, will act as manager of the Westleaf Project.

Changes in Accounting Policies including Initial Adoption:

For a summary of the accounting policies of the Company and certain proposed changes to accounting standards that may affect the Company, please see Section 3 "Significant Accounting Policies" and Section 4 "Accounting Standards" of the audited annual financial statements of the Company for the year ended December 31, 2017.

Internal Controls Over Financial Reporting:

The Chief Executive Officer and Chief Financial Officer of the Company, in accordance with National Instrument 52-109 ("NI 52-109"), have both certified that they have reviewed the most recent annual financial report and this MD&A (collectively, the "Annual Filings") of the Company and that, based on their knowledge having exercised reasonable diligence: (a) the Annual Filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made with respect to the period covered by the Annual Filings; and (b) the annual financial report together with the other financial information included in the Annual Filings fairly present in all material respects the financial condition, financial performance and cash flows of the Company as of the date of and for the periods presented in the Annual Filings.

Investors should be aware that there are inherent limitations on the ability of the certifying officers to cost effectively design and implement Disclosure Controls and Procedures and Internal Controls over Financial Reporting (as those terms are used in NI 52-109). This may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Financial Instruments and Other Instruments:

The Company's financial instruments consist solely of cash and cash equivalents, trade and other receivables, accounts payable, accrued liabilities and amounts due to related parties. As at December

31, 2017 there were no significant differences between the carrying value of these items and their estimated fair values because of the short-term nature of these instruments.

Disclosure of Outstanding Share Data (As at December 31, 2017):

The Company manages its capital with the objective of maximizing shareholder value and ensuring that it has adequate resources to foster growth and development of the business.

As of the date of this MD&A, the Company's authorized share capital consists of an unlimited number of Common Shares without par value. The Company has the following securities outstanding as at the date hereof.

Type of Security	Number Outstanding
Common Shares	79,348,934
Warrants[1]	8,521,500
Agents Warrants[2]	30,478
Stock Options[3]	5,116,258
Stock Options[4]	671,700
Stock Options[5]	376,500
Fully Diluted	**94,065,370**

Notes:

1. 8,521,500 warrants issued on December 28, 2017 pursuant to the short form prospectus offering by the Company, each of which entitles the holder thereof to acquire one Common Share at an exercise price of $3.25 per share until June 28, 2020.
2. 30,478 agent's warrants, each of which entitles the holder thereof to acquire one Common Share at an exercise price of $0.65 per share until October 31, 2019.
3. 5,116,258 stock options each exercisable to acquire one Common Share at an exercise price of $0.65 until October 31, 2022, 4,216,258 of which shall vest over two years, with 25% vesting every six months, commencing on April 30, 2018, and 900,000 of which shall vest over two years with 50% vesting on October 31, 2018 and the remaining 50% vesting on October 31, 2019.
4. 671,700 stock options each exercisable to acquire one Common Share at an exercise price of $2.77 until January 22, 2023. The options will vest over 12 months, with one third vesting immediately, one third vesting after six months, and one third vesting after 12 months.
5. 376,500 stock options each exercisable to acquire one Common Share at an exercise price of $2.30 until February 20, 2023. The options will vest over 12 months, with one third vesting after four months, one third vesting after eight months, and one third vesting after 12 months.

Subsequent Events:

Developments since December 31, 2017

In addition to the matters set forth in "Proposed Transactions" above, the following events have taken place regarding the Company since December 31, 2017.

Retail Licence

On February 16, 2018, the Government of Manitoba announced that it conditionally awarded a consortium comprised of the Company and Canopy Growth Corporation (collectively, the "Consortium") the opportunity to become licensed to legally retail recreational cannabis in the province of Manitoba when it becomes permitted under Canadian federal law. The issuance of the retail licence (the "Retail

Licence") is conditional on the Consortium entering into a formal agreement with the Government of Manitoba and satisfying a series of other conditions as part of the retail licensing process. The Retail License will allow the Consortium to build and operate a chain of retail stores throughout the province of Manitoba. The first location for the Company, operated by Delta 9 Lifestyle, has already been constructed in the Osborne Village area in the city of Winnipeg and has been operating for several months as a resource centre and clinic. The Consortium has committed to supply at least 8,000 kilograms of cannabis product for the Manitoba market.

Memorandum of Understanding with Sundial

On March 15, 2018, the Company announced that it entered into a memorandum of understanding with Sundial Growers Inc. pursuant to which Sundial Growers Inc. will supply up to 5,000,000 grams of cannabis and cannabis derivative products per year to the Company. Both parties to the memorandum have agreed to share market data and marketing strategies in order to ensure that the production and delivery of product is optimized to meet consumer preferences and demand. The parties will also work together on product trials, marketing and branding strategies, technology services, and education. The terms and conditions of the memorandum are subject to applicable regulatory requirements, including Health Canada approvals and regulations.

Strategic Collaboration Agreement with Fort Garry Brewing Company Ltd.

On March 21, 2018, the Company entered into a strategic collaboration agreement with Fort Garry Brewing Company Ltd. to jointly produce and market a hemp beer in Manitoba. It is anticipated that the first product to be produced pursuant to the strategic collaboration will be an alcoholised beer infused with material from hemp seeds, which will contain no cannabis or any other psychoactive agent produced from the cannabis plant.

Letter of Intent to Export Cannabis to Germany

On March 27, 2018, the Company announced that it entered into a non-binding letter of intent pursuant to which the Company has agreed to export a minimum of 40 kilograms of cannabis a month (480 kilograms per year) and an additional amount of cannabis extracts for sale to medical cannabis patients in Germany. Prior to entering into the export agreement the Company will need to: (i) acquire a dealer license from Health Canada in order to legally export cannabis; (ii) acquire a Good Manufacturing Practices certification; and (iii) satisfy an onsite audit of its production practices by German authorities. The execution of the export agreement also remains subject to standard closing conditions, including the completion of satisfactory due diligence by the parties and the approval of the TSX Venture Exchange.

Letter of Intent with Pharmasave

On April 10, 2018, the Company announced that it entered into a non-binding letter of intent with Pharmasave to become a preferred supplier of medical cannabis to Pharmasave and its affiliates. The letter of intent is to be replaced and superseded by the terms and conditions of definitive agreements to be entered into between the parties providing for the supply and distribution of Delta 9 Bio-Tech's medical cannabis through Pharmasave pharmacies, pending changes to applicable laws to allow such distribution.

Risk Factors:

Any investment in the securities of the Company is speculative, due to the nature of its business and its general stage of development. These risk factors could materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward looking statements relating to the Company.

Strategic Risks:

Management of Growth

The Company may be subject to growth-related risks, including capacity constraints and pressure on internal systems and controls.

Conflicts of Interest

Certain of the directors and officers of the Company area also directors and officers of other company's outside of the cannabis sector, but conflicts of interest may arise between their duties as officers and directors of the Company and as officers and directors of such other companies.

Competition

The Company is expected to face competition from other companies in the cannabis space. In addition to existing competitors, because of the early stage of industry growth, the Company expects to face competition from additional new market entrants.

Industry Risks:

Change in Laws, Regulations, and Guidelines

The Company's operations are subject to a variety of laws, regulations, and guidelines relating to the production, management, transportation, storage, and disposal of cannabis and laws relating to health and safety, conduct of business, and environmental protection. To the knowledge of the Company's management the Company is currently in compliance with all such laws.

Risks Related to the Agricultural Business

The Company's operations involve growing of the cannabis plant, an agricultural product. As such, the business is subject to the risks inherent to any agricultural business. Although the Company produces its products indoors in a climate controlled and monitored environment, there can be no assurance that natural elements will not have an adverse effect on its production operations.

Vulnerability to Rising Energy Costs

The Company's operations consume considerable energy making the Company vulnerable to rising energy costs. Rising or volatile energy costs may adversely affect the ability of the Company to operate profitably.

Product Transportation Cost and Disruptions

The Company is currently dependent on mail order delivery for product distribution. Any prolonged disruption of mail services could have an adverse effect on the financial health of the business and the operations of the Company. Rising costs associated with product transport could adversely affect the Company's profitability.

Product Liability

As a manufacturer and distributor of ingestible products, the Company faces an inherent risk exposure to product liability claims, regulatory action and litigation, if its products are alleged to have caused significant loss or injury. There can be no assurance that the Company will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against any potential liability.

Product Recalls

As a manufacturer and distributor of ingestible products, the Company's products may be subject to recall or return. If any of the Company's products are recalled for any reason, the Company could be required to incur additional costs related to operations or expenses from legal proceedings which may arise from such a recall. Although the Company has detailed procedures in place to prevent a recall there can be no assurance that any quality issue will be detected in time to prevent a recall and avoid regulatory action or lawsuits.

Operational Risks:

Regulatory Risks

The activities of the Company are subject to regulation by government authorities, particularly Health Canada. Achievement of its business objectives is contingent, in part, on compliance with regulatory requirements enacted by these authorities and on the Company's ability to obtain and retain necessary licensing and approvals for the production and sale of its products.

Reliance on License

The Company's ability to produce, store, and sell cannabis is dependent on its Health Canada license. The Company's current license is set to expire on August 31, 2019 and although the Company believes that it will continue to meet all of the requirements under Health Canada to renew the license there can be no guarantee that Health Canada will extend or renew the license.

Limited Operating History

The Company, through Delta 9 Bio-Tech, began carrying on business in 2013, and 2014 was the first year that the Company generated revenues from the sale of dried cannabis. The Company is therefore subject to the risks common to early stage companies, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources, and lack of material revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investments, and the likelihood of success must be considered in light of the early stage of operations.

Reliance on Key Inputs

The Company's business is dependent on a number of key inputs, including raw materials and supplies relating to its growing operations, as well as electricity, water, and other local utilities. Any significant interruption or negative change in the availability or pricing of the supply chain for these key inputs could materially impact the Company's operations, financial condition, and operating results.

Variable Revenues and Earnings

The Company's revenues may vary from quarter to quarter as a result of a number of factors, including, among others, timing of new product releases, timing of sales orders or deliveries, activities of the Company's competitors, possible delays in production or shipment of products, concentration of the Company's customer base, possible delays or shortages in critical inputs.

Operating Risk and Insurance Coverage

The Company has insurance to protect its assets, operations, and employees. While the Company believes that its insurance adequately addresses material risks to which it is exposed and is at a level customary for its current state of operations, such insurance coverage is subject to coverage limits and exclusions and may not be available for all risks and hazards to which the Company is exposed.

Environmental and Employee Health and Safety Regulations

The Company's operations are subject to environmental and safety laws and regulations concerning, among other things, emissions and discharges to water, air, and land; the handling and disposal of hazardous and non-hazardous materials and wastes; and employee health and safety. The Company expects to incur ongoing costs and obligations related to compliance with environmental and employee health and safety matters.

Cyber Security Risks

The Company relies on certain internal processes, infrastructure and information technology systems to efficiently operate its business in a secure manner, including infrastructure and systems operated by third parties. The inability to continue to enhance or prevent a failure of these internal processes, infrastructure or information technology systems could negatively impact the Company's ability to operate its business.

Financial Risks:

Additional Financing Requirements

In order to execute its anticipated growth strategy, the Company may require additional equity and/ or debt financing to support on-going operations, to undertake capital expenditures, to expand into new markets, or other such initiatives. There can be no assurance that additional financing will be available to the Company when needed or on terms which are acceptable. The Company's inability to raise additional financing could limit the Company's growth and may have a material adverse effect upon its business, operations, results, financial condition or prospects.

Unprofitable Business Operations

The Company has incurred losses in recent periods. The Company may not be able to achieve or maintain profitability and may continue to incur losses in the future.

Litigation

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business.

Share Price Fluctuations

The market price of the Common Shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of the company and its subsidiaries; divergence in financial results from analyst expectations; changes in earnings estimates by stock market analysts; changes in the business prospects for the Company and its subsidiaries; general economic conditions; legislative changes; and other events and factors outside of the Company's control. In addition, stock markets have, from time to time, experienced extreme price and volume fluctuations, which can adversely affect the market price of the Common Shares.