CANNABIS WHEATON INCOME CORP.

(FORMERLY KNIGHTSWOOD FINANCIAL CORP.)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS

FOR THE YEAR ENDED DECEMBER 31, 2017

Stated in Canadian Funds

DATE: APRIL 26, 2018

Management Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") was prepared as of April 26, 2018 unless otherwise indicated. This MD&A reviews the operating results, financial position and liquidity of Cannabis Wheaton Income Corp. (the "Company"). All amounts are stated in Canadian dollars. This MD&A should be read in conjunction with the consolidated financial statements and the notes thereto for the year ended December 31, 2017.

This MD&A may contain forward-looking information that is based on the Company's expectations, estimates and projections regarding its business and the economic environment in which it operates. Forward-looking information speaks only of the date it is provided, is not a guarantee of future performance and involves risks and uncertainties that are difficult to control or predict. Readers should refer to the "Cautionary Note Regarding Forward Looking Statements" in this MD&A.

On March 24, 2017, the Company announced a forward split of its issued and outstanding common shares on the basis of three common shares for every one common share outstanding (the "Forward Split"). The record date for implementation of the Forward Split was April 12, 2017. Pursuant to the Forward Split, each holder of a Common Share on the record date received two additional Common Shares, so as to hold three Common Shares on a post-Forward Split basis. On April 10, 2017, the Company completed the previously announced Forward Split and as a result, the Company's outstanding Common Shares increased from 49,733,951 Common Shares to 149,201,853 Common Shares. Unless otherwise specified, all references to share capital in this MD&A, are made on a post-Forward Split basis.

Description of Business, Overall Performance and Outlook

Historical Business of the Company

Historically, the Company's investments have been in private companies (the "Investee Companies") so as to provide those companies with the ability to issue debt instruments that are eligible for registered plans as defined in the Income Tax Act (Canada).

In January 2017, the Company and Knightswood Holdings Ltd. ("Holdings") entered into an assignment agreement under which the Company transferred all of its right, title and interest in the Investee Companies including all of the related contracts with the Investee Companies to Holdings. Holdings is a wholly-owned subsidiary of the Company incorporated for the purpose of holding the Company's equity interest in the Investee Companies and administering the contracts between the Company and the Investee Companies.

Updated Investment Strategy and Events in 2017

In the third quarter of 2016, the Company commenced its search for investment opportunities outside of holding interests in the Investee Companies and identified the cannabis industry to be of interest for future investments.

On April 10, 2017, the Company completed the previously announced Forward Split and as a result, the Company's outstanding Common Shares increased from 49,733,951 Common Shares to 149,201,853 Common Shares.

On April 18, 2017, the Company signed a purchase agreement with 2557788 Ontario Ltd. ("255"), a private Ontario company acting at arm's length to the Company, acquiring all of 255's interests in certain patient outreach and services agreements for total consideration of $1,200,000, which included cash of $288,000 on closing and the assumption of a promissory note in a separate legal agreement.

On April 26, 2017, Mark Lerohl and Mark Walker resigned as directors of the Company and Ian McKay was appointed as a director of the Company.

On April 27, 2017, the Company signed a purchase agreement with PanCann Streaming Corp. ("PSC"), a private Ontario company, acting at arm's length to Cannabis Wheaton Income, acquiring all of PSC's interests in certain binding interim streaming agreements between PSC and various licensed producers ("LPs") and LP Applicants for total consideration of $1,000,000.

On May 5, 2017, Stephen McCoach resigned as Chairman of the Board and Secretary of the Company and Maurice Levesque resigned as a director and President of the Company. Chuck Rifici was appointed as Chairman of the Board and Chief Executive Officer of the Company, Jeff Tung was appointed as Chief Financial Officer and Chief Operating Officer of the Company, Ian Rapsey was appointed as Chief Creative Officer of the Company and Brad McNamee was appointed as Chief Infrastructure Officer of the Company.

On May 5, 2017, the Company changed its name to "Cannabis Wheaton Income Corp." and on May 8, 2017, the Company began trading on the Exchange under the new symbol "CBW", the Company has previously traded on the Exchange under the symbol "KWF".

On May 5, 2017, the Board adopted a new rolling 10% incentive stock option plan, which is subject to shareholder approval.

On May 29, 2017, the Company entered into a binding interim agreement with ABcann Global Corporation ("ABcann") to invest $30,000,000 in order to fund the construction of 50,000 square feet expansion of cultivation space at ABcann's Kimmett facility located in Napanee, Ontario. Upon completion of the $30 million investment, and upon accepting ABcann's construction budget and timeline, the Company will provide all necessary funding to complete construction of the expansion of the Kimmett facility. In return, the Company will receive 50% of the proceeds (net of certain costs) of future wholesale or retail sales completed by ABcann with respect to cannabis produced in the expanded area. As at December 31, 2017, $15,000,000 was advanced to ABcann.

On June 6, 2017, the Company announced that it entered into an engagement letter with Mackie Research Capital Company to act as lead agent and sole bookrunner to sell special warrants and convertible debenture units for gross proceeds of up to $50,000,000.

On June 8, 2017, Hugo Alves was appointed as President and Director of the Company. On June 15, 2017, Michael Lickver was appointed as Executive Vice President of Strategy of the Company.

On June 29, 2017, the Company closed an offering for aggregate gross proceeds of $50,252,203. The Company raised $30,000,000 through the issuance of 30,000 convertible debenture units at a price of $1,000 per unit and $20,252,203 through the issuance of 20,252,203 special warrants at a price of $1.00 per special warrant.

On July 10, 2017, the Company entered into an agreement to purchase $15,000,000 of ABcann shares. Subsequently, on August 1, 2017, 6,666,666 shares were purchased at an agreed upon valuation of $2.25 per ABcann share.

On September 27, 2017, the Company obtained a receipt for its final short form prospectus filed with the securities regulatory authorities in each of the provinces of Canada, except Québec. The Prospectus qualified the distribution of the common shares and the common share purchase warrants of the Company issuable in connection with the previously announced private placement offering that was completed on June 29, 2017.

Key Developments in the Fourth Quarter

On October 2, 2017, the 20,252,203 special warrants issuable in connection with the June 29, 2017 private placement were exercised. A filed prospectus qualified the distribution of the common shares and the common share purchase warrants. Each holder of a special warrant received one unit of the Company, where each unit is comprised of one common share and one common share purchase warrant. Each common share purchase warrant entitles the holder thereof to purchase one common share of the Company at a price of $1.50 per common share at any time prior to June 29, 2019.

On October 5, 2017, the Company and Beleave Inc. ("Beleave") entered into an agreement where the Company will provide Beleave with up to $10,000,000 in debt financing. The proceeds of the note payable will be used by Beleave to fund the construction of an expansion facility adjacent to Beleave's current facility outside of Hamilton, Ontario. Beleave will repay the note payable by paying the Company a portion of all gross proceeds received from the retail or wholesale sale of grams of dried, finished, saleable cannabis produced at any of its cultivation facilities. On October 17, 2017, the Company provided the initial advance of $5,000,000 to Beleave.

On October 31, 2017, the Company acquired all of the issued and outstanding shares of RockGarden Medicinals (2014) Inc. ("RockGarden"). In connection with the acquisition, each of the shareholders of RockGarden are entitled to receive aggregate consideration of 27,499,912 common shares in the capital of the Company as follows:

- 17,499,970 common shares upon closing of the acquisition;
- 4,999,971 common shares issued and held in escrow to be released to the RockGarden shareholders upon RockGarden receiving a sales authorization under the Access to Cannabis for Medical Purposes Regulations (the "ACMPR");
- 4,999,971 common shares issued and held in escrow to be released upon certain key employees satisfying certain performance obligations.

The acquisition furthers the Company's streaming strategy by providing the Company with additional resources and a strategic regulatory tool to help accelerate current and future partners' development and their pathways to licensing under the ACMPR.

On October 24, 2017, the Company completed a brokered private placement of unsecured convertible debentures units in the aggregate amount of $35,000,000. Each convertible debenture unit consists of a $1,000 principal amount of unsecured convertible debentures and 833 share purchase warrants. Each warrant will entitle to purchase one common share, at any time on or prior to the date that is 24 months following the closing date, at an exercise price of $1.20 per common share.

MMCAP International Inc. SPC subscribed for $28 million of the aggregate principal amount of convertible debenture units and is considered to be an insider of the Company. The net proceeds of the offering will be used to fund working capital and general corporate purposes, including but not limited to, financing of the Company's streaming partners pursuant to certain streaming agreements and general and administrative expenses.

On November 1, 2017, the Company issued 29,166,665 common shares on full conversion of the 35,000 convertible debenture units.

On December 22, 2017, the Company entered into a definitive agreement with its streaming partner CannTx Life Sciences Inc. ("CannTx") to fund the construction of its cannabis production facility. The Company will provide CannTx with $5,000,000 related to the initial costs for the phase I construction of the facility. In consideration for the financing, the Company received a minority equity interest in CannTx of 35,885 shares and an entitlement to 33% of all cannabis (or cannabis-derived products including any cannabis trim) produced at the facility for a period of 10 years from the date of first sale at a fixed cost. As at December 31, 2017, the Company had advanced $3,000,000 to CannTx, in accordance with the definitive agreement dated December 21, 2017.

RESULTS OF OPERATIONS

For the year ended December 31, 2017, the Company reported a net loss of $18,176,775 with net loss of $0.11 per common share on a non-diluted and diluted basis. This compares to net loss of $229,577 for year ended December 31, 2016 with net loss of $0.03 per common share on a non-diluted basis and diluted basis. The decrease in net income was primarily driven by an increase in general and operating expenses as a result of the Company finding new investment opportunities in the cannabis industry and recruiting talent, culminating in acquisitions and streaming agreements which occurred in the fiscal year ended December 31, 2017.

Operating Expenses

Wages and benefits were $1,671,632 during the year ended December 31, 2017. The first salary draw post the new investment strategy was on August 1, 2017 for the senior management team and employees in the finance, legal, and corporate departments.

Directors' fees were $8,000 during the year ended December 31, 2017, as a result of fees paid to former directors of the Company for management consulting services in the first half of the year as part of the transition from Knightswood Holdings to Cannabis Wheaton Income Corp.

General and administration costs were $1,535,330 for the year ended December 31, 2017. The costs are primarily due to corporate and general administrative activities of the Company as it searched for new investment opportunities in the cannabis industry, scaled up its business operations, and completed various equity and debt financings. The Company also paid regulatory and transfer agent fees related to convertible debt and equity financings completed during the year.

Professional fees were $2,937,151 during the year ended December 31, 2017. The fees are attributable to ongoing services related to potential investment opportunities and due diligence related matters. In addition, costs were incurred for to legal fees as the Company completed debt and equity financings.

Business development fees were $8,448,712 during the year ended December 31, 2017. The Company entered into various non-recurring consulting contracts and other business contracts to assess business opportunities and support its business operations. The Company also incurred fees in relation to marketing activities (print and digital), investor relations and communications, and travel expenses as it sought to publicize its new investment strategy and pursue opportunities in the cannabis sector. While the Company anticipates that it will continue to devote significant resources to its business development, fiscal 2017 was a standout year where resources were allocated to promoting awareness and generating interest amongst streaming partners. Business development costs in fiscal 2018 will be mainly allocated towards investment and capital-raising activities as the Company accelerates its operational activities.

The Company recorded share-based payments $3,329,568 for 20,061,085 stock options granted during the year ended December 31, 2017 to provide incentives to directors, employees and consultants of the Company. Of these options, 16,841,085 vest immediately and 200,000 stock options had been exercised as at December 31, 2017.

The following table summarizes information about stock options outstanding as at December 31, 2017:

Expiry date		Exercise Price	December 31 2017 Outstanding	December 31 2016 Outstanding
March 15, 2022	$	0.025	12,716,085	-
December 12, 2022	$	1.00	50,000	-
December 18, 2022	$	1.00	1,000,000	-
December 1, 2027	$	1.00	5,845,000	-
December 2, 2027	$	1.00	100,000	-
December 29, 2027	$	1.72	150,000	-
			19,861,085	-

Non-operating Income and Expenses

During the year ended December 31, 2017, the Company earned interest income of $166,629 on its cash balance. The increase over the comparative period is due to a significantly smaller cash balance in the prior period.

The Company has two unsecured loans of $912,100 and $1,000,000, respectively, which both bear accretion charges at 12%. Accretion was also charged on the $30,000,000 convertible loans which bear interest at 12% per annum.

Summary of Quarterly Results

	Total Assets	Total Liabilities	Total Revenues	Net Income (loss)	Earnings (loss) per share Basic & Diluted
31-Dec-17	$ 92,577,957	$ 29,785,250	$ 1,377,986	$ (9,204,903)	$ (0.04)
30-Sep-17	$ 44,170,368	$ 26,579,207	$ -	$ (5,903,273)	$ (0.03)
30-Jun-17	$ 1,693,441	$ 25,203,031	$ -	$ (1,583,469)	$ (0.01)
31-Mar-17	$ 2,512,447	$ 868,750	$ -	$ (1,485,130)	$ (0.03)
31-Dec-16	$ 620,710	$ 27,057	$ 76,601	$ (72,322)	$ (0.03)
30-Sep-16	$ 747,662	$ 29,229	$ 73,125	$ 15,307	$ 0.01
30-Jun-16	$ 719,076	$ 15,950	$ 56,086	$ 7,238	$ 0.00
31-Mar-16	$ 710,417	$ 16,102	$ 51,396	$ 82,324	$ 0.03
31-Dec-15	$ 612,051	$ 31,034	$ 65,763	$ 2,615	$ 0.00
30-Sep-15	$ 636,380	$ 20,660	$ 73,976	$ 10,566	$ 0.01
30-Jun-15	$ 628,842	$ 23,688	$ 70,702	$ 17,366	$ 0.01
31-Mar-15	$ 622,828	$ 35,040	$ 64,609	$ 6,771	$ 0.00

Net loss during the periods ended September 30, 2017 and December 31, 2017 were significantly higher due to the ramp up of operating activities including fees in management, marketing, business development, audit and legal, and transfer agent and filing fees.

Transactions with Related Parties

The Company's key management personnel have authority and responsibility for overseeing, planning, directing and controlling the activities of the Company. Key management personnel include members of the Board of Directors, executive officers and the President. Compensation of key management personnel may include short-term and long-term benefits. Short-term benefits include salaries, bonuses and medical benefits. Long-term benefits include stock options or post-employment benefits. Compensation provided to current and former key management are as follows:

For the year ended December 31, 2017	2017	2016
Short-term benefits	$1,970,315	$45,000
Long-term benefits (*)	674,414	-
	$2,644,729	**$45,000**

(*) Consists of share-based payments as the fair value of options granted to key management personnel of the Company under the Company's stock option plan.

Nesta Holding Co Ltd, a company owned and controlled by the CEO of the Company, provides travel and accommodation services to the Company on a month to month basis. For the year ended December 31, 2017, the Company incurred $28,434 (December 31, 2016 - $nil) in travel expenses. There was $13,445 outstanding to Nesta Holding Co Ltd at December 31, 2017 (December 31, 2016 - $Nil).

Canterra Capital Corp., a company owned and controlled by a former director of the Company, provides management consulting services to the Company on a month to month basis. For the year ended December 31, 2017, the Company incurred $307,789 (December 31, 2016 -

$163,842) in management consulting fees. There was no amount outstanding to Canterra Capital Corp. at December 31, 2017 (December 31, 2016 - $Nil).

Elcyc Holdings Ltd., a company owned and controlled by the former President and former director of the Company, provides management consulting services to the Company on a month to month basis. For the twelve-month period ended December 31, 2017, the Company incurred $137,750 (December 31, 2016 - $166,013). There was $50,000 outstanding to Elcyc at December 31, 2017 (December 31, 2016 - $6,250).

The Company provides a monthly fee to former directors for services provided. For the twelve-month period ended December 31, 2017, the Company incurred $8,000 (December 31, 2016 – $22,500) in director's fees. The Company also paid $198,154 for additional consulting services to the former President and former director of the Company (December 31, 2016 - $Nil) and $202,000 for additional consulting services to another former director (December 31, 2016 - $Nil).

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the financial performance, liquidity or capital resources of the Company.

Proceeds from financing

The following table provides a comparison of disclosure previously provided by the Company in its short form prospectus dated September 27, 2017, regarding the use of proceeds (other than working capital), an explanation of variances in the use of proceeds from such disclosure and the impact of those variances on the Company's ability to achieve the business objectives and milestones.

Use of Proceeds	Amount Allocated to Use	Actual Use of Funds	Variance
ABcann Subscription	$15,000,000	$0	$15,000,000(1)
Funding for other streaming agreements	$25,000,000	$8,000,000	$17,000,000(2)
General corporate purposes	$2,500,000	$2,500,000	Nil.
Reserves for funding additional contracts	$3,000,000	$515,730(3)	$2,484,270(4)
Total	**$45,500,000**	**$13,015,730**	**$32,484,270**

Notes:

(1) The Company intends to fund the ABcann Global Corporation ("**ABcann**") subscription in accordance with its agreement with ABcann, whereby the Company has committed to invest $15,000,000 in ABcann subsequent to the Company accepting ABcann's construction plan, and fund the construction of the financed expansion area.

(2) On October 17, 2017, the Company advanced $5,000,000 worth of financing to Beleave. On December 22, 2017, the Company advanced $3,000,000 to CannTx. The Company anticipates that it will advance the remaining $17,000,000 to other streaming partners in the future.

(3) Based on the closing spot rate on October 31, 2017 of C$1.00 = US$0.7756

(4) On October 31, 2017, the Company advanced USD$400,000 to Good Leaf, Inc. ("**Good Leaf**"), a cannabis-focused media and technology company for Good Leaf's convertible debenture financing. The Company anticipates using the remaining proceeds to fund additional streaming agreements or other accretive investments in the cannabis sector.

LIQUIDITY AND CAPITAL RESOURCES

During the year ended December 31, 2017, the Company financed its operations and met its capital requirements through debt and equity financings. The Company's objectives when managing its liquidity and capital resources are to generate sufficient cash to fund the Company's operating and working capital requirements. During the period, the Company completed various equity and debt financings to meet its current and anticipated future obligations, and expansion plans.

Working capital as of December 31, 2017 was $28.8 million as compared to $26.5 million at September 30, 2017. The increase in working capital was primarily attributable to a $7.3 increase in cash and cash equivalents as the Company raised $14.0 million in the fourth quarter of 2017, invested $3.0 million in CannTx and $5.0 million in Beleave, and a $5.9 million increase in accounts payable and accrued liabilities, which includes $2 million payable to CannTx, and $3.9 million payable for the marketing, investor relation services and professional services in Q4.

During the year ended December 31, 2017, the Company significantly strengthened its balance sheet and liquidity position with new equity and debt financings. Subsequent to December 31, 2017, the Company also generated $100 million in additional gross cash proceeds from an unsecured convertible debenture financing. The Company anticipates that it has sufficient liquidity and capital resources to meet all of its planned expenditures for at least the next twelve months.

The Company is subject to risks and uncertainties that could significantly impair its ability to raise funds through debt or equity or to generate profits sufficient to meet future obligations, operational, or development needs. See "Risks" for information on the risks and uncertainties that could have a negative effect on the Company's liquidity.

Operating Activities

For the year ended December 31, 2017, cash outflows used for operating activities were $11.4 million compared to cash outflows of $359,335 for the year ended December 31, 2016. Cash flows used for operations resulted primarily from cash outflows to scale up the business including hiring new staff, raising investor awareness and conducting due diligence on new investment opportunities.

Investing Activities

For the year ended December 31, 2017, the Company had net cash outflows related to investing activities of $24.8 million as compared to net cash inflows of $99,436 for the year ended December 31, 2016. Investing activities during the period included the acquisition of RockGarden, acquiring $553,243 in cash, the issuance of promissory notes for $1.2 million, long term investments of $7.5 million, purchase of capital assets of $686,339, and the purchase of intangible assets of $11.1 million.

Investing activities during the prior period consisted primarily of acquisitions and disposals of investee companies under the Company's former strategy.

Financing Activities

For the year ended December 31, 2017, the Company had net cash inflows related to financing activities of $69.4 million as compared to $nil for the year ended December 31, 2017. During the period, the Company raised aggregate net cash proceeds as follows:

- issuance of units for gross proceeds of $22.5 million, net of issuance costs;
- unsecured convertible debentures of $46.4 million, net of issuance costs;
- exercise of warrants and options for net proceeds of $1.1 million;
- proceeds from share options exercised of $200,000.

Of this, $817,976 was used for repayment of long term debt.

Critical Accounting Estimates

The Company makes estimates about the future that affect the reported amount of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only; or in the period of the change and future periods, if the change affects both.

Areas requiring estimates and judgements are as follows:

Impairment assessment of indefinite life intangible assets, intangible assets not yet in use and goodwill

The carrying value of goodwill, indefinite life intangible assets and intangible assets not yet in use are subject to annual impairment assessments. The Company's impairment tests for goodwill and intangible assets are based on the greater of value in use calculations that use a discounted cash flow model over a five-year period and estimated fair value less cost to sell. The value-in-use calculations employ the following key assumptions: future cash flows, growth projections including economic risk assumptions and estimates of achieving key operating metrics. The cash flows are derived from the Company's budget for the future and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset base of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The estimated fair value less cost to sell is based on assessment of comparable company multiples and precedent transactions.

Business Combinations

Judgment is used in determining whether an acquisition is a business combination or an asset acquisition. In determining the allocation of the purchase price in a business combination, including any acquisition-related contingent consideration, estimates including market based and appraisal values are used. The contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Contingent considerations have all been classified as equity which is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. The Company measures all the assets acquired and liabilities assumed at their acquisition-date fair values.

Valuation of the debt obligation receivable in product equivalents

In determining the valuation of the fair value of the debt obligation receivable in product equivalents, management estimates were used such as an appropriate discount rate, estimate of future selling prices and estimate of future production abilities.

Inputs when using Black-Scholes valuation model

The discount rates used to calculate the purchase price allocation, impairment analysis, net present value of notes receivable, the convertible debentures and the notes payable are based on management's best estimates of an approximate industry peer group weighted average cost of capital and management's best estimate of the Company's risk levels.

Changes in the general economic environment could result in significant changes to this estimate.

Discount rates

The discount rates used to calculate the purchase price allocation, impairment analysis, net present value of notes receivable, the convertible debentures and the notes payable are based on management's best estimates of an approximate industry peer group weighted average cost of capital and management's best estimate of the Company's risk levels.

Changes in the general economic environment could result in significant changes to this estimate.

Depreciation and amortization rates

Depreciation and amortization of property, plant and equipment and intangible assets are dependent upon estimates of useful lives, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets. Management estimated the cultivation license has indefinite life due to the fact that it can be renewed annually with no substantial cost incurred.

Valuation of long-term investments in private companies

In determining the valuation of long-term investments in companies not publicly traded (IFRS 13 level 3 security), there are unobservable inputs are used to measure fair value. Estimates were used for unobservable inputs using the best information available such as public company market comparables and recent public company transactions.

Convertible instruments

Convertible debentures are compound financial instruments which are accounted for separately by their components: a financial liability and an equity instrument. The financial liability, which represents the obligation to pay coupon interest on the convertible debentures in the future, is initially measured at its fair value and subsequently measured at amortized cost. The residual amount is accounted for as an equity instrument at issuance.

The identification of convertible debentures components is based on interpretations of the substance of the contractual arrangement and therefore requires judgment from management. The separation of the components affects the initial recognition of the convertible debenture at issuance and the subsequent recognition of interest on the liability component. The determination of the fair value of the liability is also based on a number of assumptions, including contractual future cash flows, discount rates and the presence of any derivative financial instruments.

Adoption of new accounting standards

IAS 7 Disclosures, required entities to provide disclosures in their financial statements about changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The adoption of this amendment did not have a material impact on the Company's consolidated financial statements.

IAS 12 Income taxes – Deferred Tax clarifies the recognition of deferred tax assets for unrealized losses. It was amended to specify (i) the requirement for recognizing deferred tax assets or unrealized losses; (ii) deferred tax where an asset is measured at a fair value below the asset's tax base; and (iii) certain other aspects of accounting for deferred tax assets. The adoption of this amendment did not have a material impact on the Company's consolidated financial statements.

IFRS 9 Financial Instruments: Classification and Measurement – In November 2009, the IASB introduced IFRS 9, Financial Instruments ("IFRS 9"), which was part of a project to replace IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 replaces the current multiple classification and measurement model for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. Classification depends on the Company's business model for managing its financial instruments and the contractual cash flow characteristics of the financial instruments. Adoption of IFRS 9 is required for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company has elected to early adopt IFRS 9 and the related consequential amendments effective January 1, 2017, which was the date of initial application. There were no differences in the comparative periods' financial statements arising from the initial adoption of IFRS 9.

The adoption of this new standard did not have any impact on the classification of the Company's financial instruments compared to the old standard under IAS 39. There were no quantitative adjustments as a result of adopting IFRS 9.

Future changes in accounting standards

IFRS 2 Share-based Payment was issued by the IASB in June 2016. These amendments provide clarification on how to account for certain types of share-based transaction. The amendments are effective for the annual period beginning on or after January 1, 2018.

IFRS 15 Revenue from Contracts with Customers was issued by the IASB in June 2014. The objective of IFRS 15 is to provide a single, comprehensive revenue recognition model for all contracts with customers. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. It also contains new disclosure requirements. IFRS 15 will be effective for the Company on January 1, 2018. Since the Company did not recognize any revenue for the year, there will be no impact on the consolidated financial statements.

IFRS 16 Leases was issued by the IASB in January 2016 and specifies the requirements to recognize, measure, present and disclose leases. IFRS 16 is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted. Management is currently assessing the impact of adopting the standard

Financial Instruments and Risk Management

The Company's financial instruments include cash and cash equivalents, other receivables, note receivable, long-term investments, investee companies, debt obligation receivable in product equivalent, trade and trade other payables, convertible debenture, long-term loans payable, interest payable on convertible debt. Cash and cash equivalents, other receivables, note receivables are exposed to credit risk and the Company reduces its credit risks by placing these instruments with institutions of high credit worthiness. Receivables relate to outstanding fees owing from the Investee Companies and the Company mitigates the credit risk by entering into agreements with the Investee Companies and reviewing its exposure to credit risk on a regular basis. The Company is exposed to liquidity risk with respect to its trade and other payables and the Company manages liquidity risk by maintaining sufficient cash balances for settlement of financial liabilities on their due dates.

Risk Factors

Company's overall performance and results of operations are subject to a number of risks and uncertainties. Please refer to the Company's AIF, dated May 23, 2017, and the Company's Amended and Restated Short Form Base Shelf Prospectus, dated February 28, 2018 which are filed on SEDAR at www.sedar.com, for a detailed description of the risks and uncertainties, which are hereby incorporated by reference.

Outstanding Share and Option Data

As of the date of this MD&A, the Company had the following securities issued and outstanding:

Securities	April 26 2018
	#
Issued and outstanding shares	431,711,330
Stock Options	25,611,085
Warrants	66,464,311
Broker Warrant Units	3,419,500
Convertible debentures	64,656,129

Subsequent Events

On January 15, 2018, the Company announced the launch of KoLab Project Inc. (formerly RockGarden Medicinals (2014) Inc.). Upon receiving the necessary regulatory approvals, Kolab Project Inc. will offer an exclusive monthly subscription platform to authorized medical cannabis patients.

On January 16, 2018, the Company announced that it had elected to exercise its right under the warrants issued in June 2017 to accelerate the expiry date of the warrants to February 15, 2018.

On January 17, 2018, the Company issued 100,000 convertible debenture units for aggregate gross proceeds of $100,000,000. Each convertible debenture unit consists of $1,000 principal amount of senior unsecured convertible debentures and 322 common share purchase warrants of the Company. The debentures bear interest at 6.0% per annum, calculated semi-annually on June 30 and December 31 of each year and mature 24 months from the date of closing. MMCAP International Inc. SPC and its affiliates subscribed for $85 million of the aggregate principal amount of convertible debenture units and is considered to be an insider of the Company.

On January 29, 2018, the Company announced the settlement of $3,064,943 of debt in consideration for the issuance of an aggregate of 3,018,109 common shares.

On January 30, 2018, the Company announced that it had entered into a binding agreement with Inverell S.A. ("Inverell"), a federally licensed cannabis operator based in Montevideo, Uruguay to purchase 80% of the issued and outstanding common shares of Inverell on a fully diluted basis. Inverell is a federally licensed "Cannabis Operator" in Uruguay, and this license allows it to cultivate and harvest its proprietary hemp strain.

Pursuant to the agreement with Inverell, the shareholders of Inverell are entitled to receive aggregate consideration of USD$15,000,000, to be paid as follows:

- USD$2,000,000 in cash on closing of the transaction;
- USD$3,562,500 payable in common shares of the Company on closing of the transaction; and
- USD$9,437,500 payable in common shares of the Company upon the achievement of certain milestones.

On February 7, 2018, the Company completed a strategic investment in Inner Spirit Holdings Ltd. ("Inner Spirit"), a market leader in the franchising of retail cannabis dispensaries in jurisdictions in Canada where the private distribution of recreational cannabis will be legalized. The Company acquired 15,000,000 common shares of Inner Spirit in exchange for:

- a cash payment of $350,000;
- 674,418 common shares of the Company; and
- 1,250,000 common share purchase warrants of the Company.

Pursuant to the investment agreement entered into by the Company and Inner Spirit, the Company also exercised its pre-emptive right to acquire an additional 1,500,000 common shares Inner Spirit for $150,000 and as a result now holds approximately 15% of the total issued and outstanding common shares of Inner Spirit.

On February 8, 2018, the Company subscribed for 1,818,181 common shares and 909,090 common share purchase warrants of Lotus Ventures Inc. for the subscription price of $1,000,000.

On February 16, 2018, the Company announced that it had entered into a joint venture with Peter Quiring, one of Canada's largest greenhouse builders and operators, to develop, construct and operate a state-of-the-art purpose-built greenhouse for cannabis cultivation in Leamington, Ontario.

On March 1, 2018, the Company announced that it had entered into a definitive agreement with Sundial Growers Inc. ("Sundial") whereby the Company advanced $7,000,000 to Sundial by way of a promissory note for a period of 6 months. Sundial will repay the promissory note either by a cash payment, through the delivery of an agreed upon volume of dried cannabis produced by Sundial ("Grams") or through a combination of cash and Grams.

On March 5, 2018, the Company announced that it had entered into a definitive agreement with its streaming partner FV Pharma Inc., a licensed producer under the ACMPR, to finance the construction of an indoor cultivation facility in Cobourg, Ontario. In return, the Company will be entitled to a 49.9% streaming interest of the cannabis cultivation yield produced at the facility in perpetuity.

On March 15, 2018, the Company announced that it had entered into a strategic alliance agreement with Ontario-based research and development firm Honest Inc. ("Province"). The Company will assist Province with the establishment and licensing of a cannabis facility focused on the research, development and commercialization of cannabis-based beverages. The Company and Province have also agreed to explore and collaborate on further commercial opportunities including supply and offtake arrangements, cannabis genetics development and refinement, co-branding opportunities, white-label opportunities, IP development and licensing as well as international distribution opportunities. In consideration, the Company will receive 2,068,284 preferred shares in the capital of Province, representing a 10% equity ownership interest in Province, and the Company will issue 303,030 common shares to Province.

On April 3, 2018, the Company entered into a definitive agreement to acquire 100% of the issued and outstanding shares of Dosecann Inc. ("Dosecann"). Dosecann is a late-stage "Licensed Dealer" applicant pursuant to the Narcotic Control Regulations, with a purpose-built 42,000 square foot facility located in Charlottetown, Prince Edward Island. The Company will pay the holders of the Dosecann shares an aggregate of up to $38,000,000, payable in common shares of the Company subject to the satisfaction of certain post-closing time and performance-based milestones.

On April 4, 2018, the Company obtained regulatory approval for a licensing agreement with a prominent Canadian cannabis testing, analysis and ranking service. The Company will be granted an exclusive license to all current and future proprietary cannabis testing, review and ranking data for a term of two years. In consideration, the Company issued 359,211 common shares.

On April 9, 2018, the Company announced that it had entered into a definitive agreement to acquire 100% of the issued and outstanding shares of Robinson's Cannabis Inc. ("Robinson's"). Robinson's is a late-stage licensed producer applicant that is currently constructing a 27,700 square foot facility located in Kentville, Nova Scotia. As consideration, the Company will issue up to 9,395,968 common shares to the shareholders of Robinson's, subject to the satisfaction of certain post-closing time and performance-based milestones.

On April 16, 2018, the Company advanced an additional $1,000,000 to CannTx, in accordance with the definitive agreement dated December 21, 2017.

Subsequent to December 31, 2017, 128,676,125 common shares were issued on the exercise of 128,676,125 warrants for gross proceeds of $87,700,981 and 550,000 common shares were issued on the exercise of 550,000 options for gross proceeds of $550,000.

Subsequent to December 31, 2017, the Company granted 6,300,000 stock options with each stock option permitting the holder to acquire one common share of the Company at a price between 1.54 and 2.40 per share.

Subsequent to December 31, 2017, 21,240,000 common shares were issued on the exercise of 21,240 convertible debt units.

Cautionary Note Regarding Forward Looking Statements

This MD&A and the documents incorporated by reference herein contain certain statements which contain "forward-looking information" within the meaning of Canadian securities legislation (each a "forward-looking statement"). No assurance can be given that the expectations in any forward-looking statement will prove to be correct and, as such, the forward-looking statements included in this MD&A should not be unduly relied upon. Forward-looking information is by its nature prospective and requires the Company to make certain assumptions and is subject to inherent risks and uncertainties. All statements other than statements of historical fact are forward-looking statements. The use of any of the words "anticipate", "plan", "contemplate", "continue", "estimate", "expect", "intend", "propose", "might", "may", "will", "shall", "project", "should", "could", "would", "believe", "predict", "forecast", "pursue", "potential", "capable", "budget", "*pro forma*" and similar expressions are intended to identify forward-looking statements. Forward-looking statements include, among others, statements pertaining to:

- the dependence of the Company's cash flow and financial performance on third parties;
- the price of medical cannabis;
- the lack of control over operations of the Company's streaming partners;
- the fluctuations in the price of the Company's shares and the market for the shares;
- the Company's ongoing investment strategy;
- the ability of the Company's streaming partners to produce medical cannabis;

- the successful buildout of the current and proposed facilities of each of the Company's streaming partners;
- changes in laws, regulations and guidelines;
- licensing risk;
- regulatory risk;
- future liquidity and financial position;
- the Company's expectations with respect to future growth;
- the ability of the Company to generate cash flow; and
- the Company's competitive position.

The forward-looking statements in this MD&A are based on information currently available and what management believes are reasonable assumptions. Forward-looking statements speak only to such assumptions as of the date of this MD&A. In addition, this MD&A may contain forward-looking statements attributed to third party industry sources, the accuracy of which has not been verified by the Company. The purpose of forward-looking information is to provide the reader with a description of management's expectations, and such forward-looking information may not be appropriate for any other purpose. Readers should not place undue reliance on forward-looking information contained in this MD&A. The Company undertakes no obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable law.

Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. A number of factors could cause actual results to differ materially from a conclusion, forecast or projection contained in the forward-looking statements in this MD&A including, but not limited to, whether:

- current and future management will abide by the investment objectives and investment strategies of the Company;
- the Company will supplement its board of directors and management, or otherwise engage consultants and advisors, having knowledge of the industries in which the Company invests;
- streaming partners will be able to generate cash flow;
- general economic, financial market, regulatory and political conditions in which the Company operates will remain the same;
- the Company will be able to compete in the industry;

- the Company will be able to manage anticipated and unanticipated costs;
- the Company will be able to enter into additional streaming agreements;
- the Company will be able to maintain internal controls over financial reporting and disclosure, controls and procedures;
- streaming partners will be able to meet the requirements necessary to obtain and / or maintain their status as LPs; and
- streaming partners will be able to successfully complete initial construction and / or expansion construction of their respective facilities pursuant to the terms and conditions of their respective streaming agreements.

Although management believes that the expectation represented in such forward-looking statements are reasonable, there is no assurance that such expectations will prove to be correct. The Company cannot guarantee future results, performance or achievements.

Readers are further cautioned that the preparation of financial statements in accordance with IFRS requires management to make certain judgments and estimates that affect the reported amount of assets, liabilities, revenues and expenses. These estimates may impact the financial performance of the Company when further information becomes available.