

Management Discussion and Analysis

For the three months ended December 31, 2015

This management's discussion and analysis ("MD&A") focuses on significant factors that affected Abattis Bioceuticals Corp. ("Abattis" or the "Company") for the three months ended December 31, 2015 and to the date of this report.

This MD&A is prepared in conformity with National Instrument 51-102F1. The MD&A should be read in conjunction with unaudited condensed interim consolidated financial statements for the three months ended December 31, 2015 and the audited consolidated financial statements for the year ended September 30, 2015, prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). This MD&A complements and supplements, but does not form part of the Company's condensed consolidated interim financial statements.

Additional information related to Abattis is available on SEDAR at www.sedar.com and on the Company's website at www.abattis.com.

All dollar amounts contained herein are expressed in Canadian dollars unless otherwise indicated.

This MD&A has been prepared as of February 26, 2016.

FORWARD-LOOKING INFORMATION

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.

Statements regarding the adequacy of cash resources to carry out the Company's business plan or the need for future financing are forward-looking statements. All forward-looking statements, including those not specifically identified herein, are made subject to cautionary language on page 30 of this MD&A. Readers are advised to refer to the cautionary language when reading any forward-looking statements.

OVERVIEW

The Company was incorporated as Sinocan Capital Group Inc. under the Company Act (British Columbia) on June 30, 1997 and was classified as a Capital Pool Company ("CPC") as defined in the TSX Venture Exchange ("TSX") Policy 2.4. On September 29, 1997, the Company changed its name to Sican Ventures Inc. On September 14, 2009, the Company changed its name to Abattis Biologix Corporation. The Company was listed and began trading on the Canadian Securities Exchange (formerly the Canadian National Stock Exchange) ("CSE") on December 23, 2010. On September 5, 2012, the Company changed its name to Abattis Bioceuticals Corp.

Abattis Bioceuticals Corp. is a specialty biotechnology company with capabilities through its wholly-owned subsidiaries as a Company that develops and commercializes natural health (nutraceutical) products and conducts research and development to create plant-based (botanical) intellectual property and ingredients for the pharmaceutical, nutraceutical, bioceutical and cosmetic markets, some of which will contain cannabinoid compounds. Abattis develops, and is in the process of commercializing, natural health products that target ailments and satisfy important market needs. Abattis is conducting ongoing research and development to create plant-based intellectual property and ingredients. Current areas of focus are growth through acquisition and business development and cash flow through commercialization of existing assets. The Company has an extensive pipeline of high-quality products and intellectual property for the rapidly expanding botanical drug market. Abattis follows strict standard operating protocols, and adheres to the applicable laws of Canada and foreign jurisdictions.

The Company's head office is located at Suite 1040 – 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8, and the Company's Canadian operating facility is located at 104 - 9295 198th Street, Langley, BC.

The Company plans to build its business by utilizing its proprietary technologies to produce and deliver highly effective phyto-compounds for use in nutraceuticals, topical crèmes, medical foods, botanical drugs and pharmaceuticals. It will deploy the current and future intellectual property by out-licensing to strategic companies with an established customer base.

In the first quarter of 2011 the Company acquired Biocell Algae (Immune System Support) a complimentary Natural Health Product to the Anti Viral Flu Intellectual Property and hired a new President and CEO who brought in a new board of directors and that team acquired three new formulations. The formulae are comprised of all-natural ingredients that target and address 1) flu like symptoms and other viral conditions, 2) migraine headaches (cognitive) and 3) blood flow to muscles (cardiovascular and erectile dysfunction).

On June 17, 2011 the Company was listed on the OTC Markets Pink Sheets to enable easier access to American Investors. During the 2011 calendar year management worked to structure the Company and identify assets that would be useful in nutraceutical and bioceutical production. In December 2011 the Company entered into an agreement to acquire Northern Vine Canada Inc. (a cGMP nutraceutical production facility in Langley, BC) and its Sci-Naturals brand and closed the acquisitions in August 2012.

In March 2012 the Company acquired Animo Wellness Corporation which owns 77 Natural Health Product Licences issued by Health Canada. These range from (A) Aloe Vera to (Z) Zinc. On July 23, 2012, the Company held its AGM and the Company's shareholders approved a 5:1 reverse split, and the acquisition of proprietary Flash Freeze Extraction Equipment as well as a large portfolio of natural health product internet domain names. On January 28, 2014 the name of the Animo changed to Ijuana Canabis Inc.

On September 11, 2012, the Company changed its name to more accurately reflect the nature of its business of bioceuticals and botanical drugs from Abattis Biologix Corp. to Abattis Bioceuticals Corp.

The company used treasury stock and loans from management as a currency to conduct its acquisitions, strengthening its position to control its supply chain of high quality efficacious ingredients and formulae. In October and December 2012 the American and Canadian governments started to change their stance on marijuana. This created a new opportunity for the Company which is well positioned to process value added products derived from Cannabis.

From February 21, 2014, the Company's common shares commenced trading under the new stock symbol "ATT".

HIGHLIGHTS AND PERFORMANCE SUMMARY

- The Company placed great emphasis on focusing on core assets and product sales in the period ending December 31, 2015. Non-core and under utilized assets were disposed, product production and marketing strategies were finalized and natural health product compliance work was undertaken. Much work was done to focus the Company towards revenue generation and obtaining a Controlled Substance License. Intensive measures were taken to significantly reduce overhead and operating costs of the Company during the fiscal year.
- Phytalab operated and generated revenue in the period ending September 30, 2015. Recent estimates by the Washington State Licensing Board indicate that Phytalab holds the 3rd largest market share of analytical testing services in the Washington State with 9% market share. Despite this success, revenues did not sufficiently cover operating expenses and Abattis' focus is currently on revenue generation through product sales. Operations were suspended in October 2015 to prevent financial losses and assets were consolidated with Abattis. The analytical license remains valid and a State re-inspection will be required if and when operations resume in a new location.
- On November 16, 2015, Abattis announced the opening of a non-brokered private placement of up to $500,000 to support product production and laboratory completion. The placement was closed on December 3, 2015, issuing 10,500,000 share units at a price of $0.05 per Unit. Each share consisted of one common share and one common share warrant.
- In October 2015, Abattis began leasehold improvements for its subsidiary, Northern Vine Canada Limited, in support of its application for a Controlled Substance License.

- In September 2015, Abattis appointed Jim Irving and Brazos Minshew to the Board of Directors. Andrea Bates joined Vergence as Chief Operating Officer responsible for the marketing and sale of Abattis products.
- In August, 2015 Abattis changed its auditors from MNP LLP to Deloitte LLP upon recommendation from the Company's Audit Committee.
- On August 21, 2015, Abattis sold the tangible asset, the flash freeze extractor prototype (FFE) and the intangible asset, the poultry avian flu patent, for $100,000 and 2.1 million free-trading shares of Abattis stock. The sale furthered the Company's disposal of non-core assets to allow focus on near term product revenue generation and strategic acquisitions.
- On July 23, 2015, the Company announced opening of a private placement of up to $150,000. The placement was oversubscribed and closed on August 20, 2015 for gross proceeds of $297,454.
- In May, 2015 the Company incorporated a new Subsidiary, Vergence Visionary Bioceuticals Corp, established to market and sell the product and ingredient assets of Abattis. The Officers of the Company are Bill Fleming and Rene David.
- On March 19, 2015, the Company closed a non-brokered private placement of 2,365,072 units for gross proceeds of $307,459.
- On February 4, 2015, the Company entered into a US$25 million equity line facility agreement with Dutchess Opportunity Fund, II, LP, a Delaware Limited Partnership ("Dutchess"). The Company has filed a preliminary registration statement with the U.S. Securities & Exchange Commission ("SEC") on March 28, 2015 covering the Abattis shares that may be issued to Dutchess under this financing. After the SEC has declared the registration statement related to the transaction effective, the Company has the right at its sole discretion over a period of three years to sell up to US$25 million of common shares to Dutchess under the terms of the financing agreement, which shares will be issued at the current market price less permitted discounts in effect during such issuances. Proceeds from this transaction will be used to fund the continued development of the Company's GDERS (grow, dry, extract, refine, sell) strategy spanning the entire industry supply chain from seed to sale. The registration statement has not yet been declared effective by the SEC.
- On January 27, 2015, William (Bill) Fleming was appointed as the Company's CEO and Mike Withrow resigned his role as Company's CEO and President.

Overall strategy

Abattis Bioceuticals Corp's overarching strategy is to focus on three business segments in support of its natural health products business:

- Sciences: research and development and analytical services, primarily through its proposed Northern Vine laboratory plans
- Products: revenue generation through the sale and marketing of proprietary, formulated natural health products and ingredients
- Technologies: unique systems and technologies that will generate royalties and license fees in support of the botanical drug and natural health product markets

Abattis has continued to leverage its suite of portfolio investments through monetization of its current assets, levering the synergies and quickly ramping up the products to market through owned and third party royalty relationships. Abattis is diligently looking to build revenue through its proprietary formulas and is actively pursuing potential nutraceutical brand name products for acquisition, co-branding or licensing. Near-term focus is on implementation of the sales and marketing strategy and business plan for proprietary natural health products and ingredients.

Abattis will continue to develop, and is in the process of commercializing, natural health products that target ailments and satisfy important National and International market needs. Abattis Bioceuticals Corp is working with strategic partners to

identify potential research and development to create plant-based intellectual property and ingredients in pharmaceutical grade facilities. The Company has an extensive pipeline of high-quality products and intellectual property for the rapidly expanding botanical drug market and will seek to build on its portfolio of assets.

Narcotic Control Regulation's licensing

Northern Vine Canada Inc. has applied for a Controlled Drugs and Substances Dealer's License, and is considered eligible for this license under the Narcotic Control Regulations of Canada as a corporation that has its head office in Canada or operates a branch office in Canada. For detailed information on the application process for a dealer's license, please refer to page 26 of the MD&A.

SELECTED ANNUAL FINANCIAL INFORMATION

The Company's Consolidated Financial Statements for the years ended September 30, 2015 and September 30, 2014 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The following selected financial information is taken from the Annual Consolidated Financial Statements and should be read in conjunction with those statements.

	For the years ended		
	September 30,2015	**September 30,2014**	**September 30,2013**
Statements of Financial Positic			
Cash	$157,758	$135,171	$5,327
Intangible assets	1,096,430	2,641,083	1,074,161
Total assets	1,613,641	5,903,803	1,629,346
Total liabilities	1,136,960	1,260,767	1,071,329
Shareholders' equity	860,587	4,043,225	558,017

	For the years ended		
	September 30,2015	**September 30,2014**	**September 30,2013**
Statements of Loss and Comprehensive Loss:			
Total revenue	$91,940	$7,720	$17,448
Research expenditure	82,791	129,057	123,559
Total operating expenses	3,164,181	7,378,559	1,060,957
Other expenses (income)	2,891,388	280,562	58,982
Net loss and comprehensive loss	5,573,654	7,611,540	1,102,491
Basic and diluted loss per common share	$0.06	$0.16	$0.04

For discussion of the factors affecting the Company's losses see "Results of Operations" and "Summary of Quarterly Results" below. For discussion of the factors affecting the Statement of Financial Position see "Results of Operations" and "Liquidity and Capital Resources" below.

RESULTS OF OPERATIONS

Three months ended December 31, 2015 compared with three months ended December 31, 2014

The Company incurred a net loss and comprehensive loss of $499,618 during the three months ended December 31, 2015 a decrease of $285,833 when compared with the loss of $785,451 for the three months ended December 31, 2014. The decrease in net loss is primarily the result of the decrease in the followings expenses during the three months ended December 31, 2015:

	For the three months ended		Change
	December 31, 2015	December 31, 2014	$
Accounting and audit fees	$ 10,000	$ 16,213	$ (6,213)
Advertising	$ 15,918	$ 29,359	$ (13,441)
Legal fees	$ 17,604	$ 103,229	$ (85,625)
Office and general administra	$ 111,819	$ 407,905	$ (296,086)
Regulatory and transfer agent	$ 11,008	$ 12,894	$ (1,886)
Research	$ 21,771	$ 29,741	$ (7,970)
Financing costs	$ -	$ 17,732	$ (17,732)

- Accounting and audit fees decreased by $6,213 to $10,000 for the three months ended December 31, 2015, from $16,213 for the three months ended December 31, 2014. This decrease is primarily due to a focus on cost containment and efficiency as well as establishing the in-house accounting.
- Adverting expenses decreased by $13,441 to $15,918 for the three months ended December 31, 2015, from $29,359 for the three months ended December 31, 2014. This decrease is primarily due to a focus on cost containment and efficiency.
- Legal fees decreased by $85,625 to $17,604 for the three months ended December 31, 2015, from $103,229 for the three months ended December 31, 2014. This decrease is primarily due to the reduction in legal fees in respect of the acquisitions, issuance of stock options and the incorporation of new subsidiaries during the three months ended December 31, 2015.
- Office and general administration fees decreased by $296,086 to $111,819 for the three months ended December 31, 2015, from $407,905 for the three months ended December 31, 2014. This decrease is primarily due to decreasing rent and other expenses related to Phytalytics and Squamish properties and a focus on cost containment and efficiency.
- Regulatory and transfer agent fees decreased by $1,886 to $11,008 for the three months ended December 31, 2015, from $12,894 for the three months ended December 31, 2014. This decrease is primarily due to a focus on cost containment and efficiency.
- Research costs decreased by $7,970 to $21,771 for the three months ended December 31, 2015, from $29,741 for the three months ended December 31, 2014. This decrease is primarily due to a focus on cost containment and efficiency as well as the completion of certain research and development activities related to product formulations.
- Financing costs decreased by $17,732 during the three months ended December 31, 2015. This decrease is due to no activities involving financing cost during this period.

Intangible assets

From April 16, 2009 to August 30, 2014, the Company acquired intangible assets with a total estimated fair value of $1,584,842 at the time of acquisition. During the year ended September 30, 2013, the Company abandoned the patent application relating to a method for preventing and treating avian influenza in humans. The original cost of this application was $189,489. As at September 30, 2015, the Company identified intangible assets where impairments are appropriate. These are reflected in the company's financial statements and summarized below.

				Consideration	
Acquisition Date	**Items**	**Vendor Name**	**Cost**	**Shares issued**	**Cash paid**
May 17, 2011	Formulae	Dr. Samuel Brant LLC	125,000	200,000	-
May 17, 2011	Formulae	Biocell Labs	125,000	200,000	-
February 29, 2012	Licenses (77 NPNs)	Animo Wellness Corporation	50,000	100,000	25,000
July 10, 2012	Licenses (1 NPN)	-	3,188	-	3,188
August 15, 2012	Licenses (16 NPNs)	Sci-Natural Wellness Corporation	56,000	-	56,000
August 15, 2012	Licenses (11 NPNs)	Northern Vine Canada Inc	7,143	-	-
December 27, 2012	Licenses to the Bio-Pharma patent license	Vertical Designs Ltd.	500,000	6,000,000	-
March 28, 2013	Formulae	Dr. Paula Brown	78,000	400,000	-
March 12, 2014	Formulae	Green-Gro Garden Products Ltd.	257,840	315,000	5,840
April 7, 2014	Licenses	Phytalytics	1,245,812	827,657	88,782
October 1, 2014	Trademarks	Oliver Hunt	309	-	309
October 29, 2014	Formulae	Empirical Labs, Inc	2,227	-	2,227
November 28, 2014	Trademarks	Oliver Hunt	215	-	215
November 30, 2014	Trademarks	Oliver Hunt	280	-	280
September 30,2015	Licenses-impaired	Phytalytics	(1,245,812)	-	-
Total			$ 1,205,202	8,042,657	$ 181,841

During the year ended September 30, 2015, the Company recorded amortization expense of $78,901 (September 30, 2014 – $67,350).

The intangible assets include the following key agreements:

- On August 6, 2014 the Company entered into an agreement with TerraSphere Systems LLC which granted the Company non-exclusive rights to proprietary and patented vertical farming technology for cash consideration of $109,500. The patent related to the technology has a remaining life of 15 years.
- On April 7, 2014, the Company acquired a 51% membership interest in Phytalytics LLC. by making a cash payment of US$20,000 ($22,196), issuing 827,657 common shares with a fair value of $579,360 to the members of Phytalytics LLC and advancing a loan of US$60,000 ($66,588). At the date of acquisition, the Company determined the fair value of the net identified assets of Phytalytics and recognized an intangible asset of $1,245,813 which related to the accumulated research, trade secrets and established standard operating procedures for cannabis analysis laboratory services. Key

management personnel remain shareholders in Phytalytics and have active management contracts with the Company.

- On February 27, 2014 the Company purchased organic and hydroponic fertilizer and nutritional proprietary formulas from Green-Grow Garden Products Ltd. in consideration for 315,000 common shares of the Company valued $257,840, plus cash of $5,840.
- On December 27, 2012 the Company entered into a worldwide exclusive agreement with Vertical Designs Ltd. ("VDL") and acquired the license to apparatus engineered using vertical farming technology. The license allows the Company to grow plants using the technology for use as ingredients in pharmaceuticals, nutraceutical, wellness and cosmetics, among other uses. Total consideration for the intangible asset was $500,000 paid by way of issuance of 6,000,000 common shares of the Company.
- On April 16, 2009 the Company entered into an agreement with PRB and Pacific Bio for the purchase of their interest in patents and intellectual property related to anti-viral products designed to prevent avian influenza in humans and poultry. Accordingly, Pacific Bio relinquished its license for the use of the patents to PRB in return for 4,800,000 common shares in the Company, assigned a value of $480,000 and PRB sold its interest in the patents to the Company for 200,000 common shares at an assigned value of $20,000. During the year ended September 30, 2013, the Company abandoned the patent related to humans and wrote off the amortized value of $189,489. The Company retained the patent related to animals.

As at September 30, 2015, Impairment of Intangible Assets includes:

- Phytalytics LLC. (Phytalab). Phytalab operated and generated revenue in the 2015 period. Recent estimates by the Washington State Licensing Board indicate that Phytalab held the 3rd largest market share of analytical testing services in the Washington State with 9% market share. Despite this success and shareholder loans to Phytalab totaling $390,532 for the year ending September 30, 2015, revenues did not sufficiently cover operating expense. With Abattis' focus on revenue generation through product sales, the Company elected to temporarily suspend operations in October 2015 to prevent further financial losses. Assets were consolidated with Abattis. The analytical license remains valid and a State re-inspection will be required if and when operations resume in a new location. To establish a highly conservative fair value for this cash generating unit, the following was considered:
    - Recent offers to purchase: Abattis has received offers from three separate parties to purchase 100% interest in Phytalab. All offers were for approximately $200,000, to include the physical assets which have a carrying value of $70,000.
    - For comparison, the estimated cost to apply for a new license by a *qualified* applicant in the State of Washington at present time is approximately $50,000 to $100,000. In addition, once a new application is submitted, the applicant will wait 6-18 months to obtain approval prior to operations commencing, if they are successful in obtaining a license.
    - Phytalab possesses immediate access to a book of business that will generate revenue upon recommencement of operations. Very conservatively, the minimum revenue that could be generated by Phytalab in a 6 month period of time is $45,000 based on historical revenue and existing book of business.
    - The fair value for Phytalab was determined by averaging the minimum amounts above to arrive at a value of $75,000.
- On December 18, 2014, the Company provided a short-term loan to Terracity Lawrence LLC (" Terracity") in the amount of $124,740 (USD 100,000). The loan matured on February 18, 2015. The Company is actively trying to collect the amount of the loan, however, Abattis Management made the decision to impair the Terracity loan receivable in the Company's year end financial statements, despite our continued confidence and assurances from the parties involved that this loan will be repaid to Abattis in time. The rationale for impairment is based on the absence to date of formalized documentation that Terracity has completed all business activities to allow them to repay the loan in the near future. Management continues to maintain regular communications with the Terracity principals on this matter and those principals have confirmed the amount due.

SUMMARY OF QUARTERLY RESULTS

As at:	Cash	Intangible Assets	Total Assets	Shareholders' Equity
December 31, 2015	$ 299,229	$ 1,081,593	$ 1,693,925	$ 1,140,758
September 30, 2015	157,758	1,096,430	1,613,641	860,578
June 30, 2015	43,248	2,584,945	4,689,882	2,629,513
March 31, 2015	260,381	2,604,850	5,210,789	3,163,596
December 31, 2014	139,032	2,624,314	5,510,285	3,407,519
September 30, 2014	135,171	1,305,459	5,629,849	4,918,530
June 30, 2014	625,481	1,305,459	5,629,849	4,918,530
March 31, 2014	450,106	1,312,913	6,080,972	4,844,282
December 31, 2013	3,860	1,058,540	1,599,112	402,436
September 30, 2013	5,327	1,074,161	1,629,346	558,017

For the three months ended:	Revenue	Research expenditure	Net loss and other comprehensive loss	Basic and diluted loss per common share
December 31, 2015	$ 53	$ 21,771	$ (499,618)	$ (0.01)
September 30, 2015	15,815	12,129	(3,162,872)	(0.03)
June 30, 2015	14,225	3,825	(601,094)	(0.01)
March 31, 2015	34,240	37,096	(1,024,237)	(0.01)
December 31, 2014	27,660	29,741	(785,451)	(0.01)
September 30, 2014	7,720	46,698	(1,023,739)	(0.01)
June 30, 2014	-	29,752	(889,765)	(0.01)
March 31, 2014	-	26,427	(5,454,955)	(0.13)
December 31, 2013	-	26,180	(243,081)	(0.01)
September 30, 2013	628	28,962	(156,359)	(0.01)

The primary factors affecting the magnitude and variations of the Company's losses are summarized as follows:

- Loss of $499,618 in Q1/2016 was less than loss of $3,162,872 in Q4/2015 and $601,094 in Q3/2015.This decrease mainly is due to recoding impairment loss of tangible assets, intangible assets and goodwill in Q4, 2015. Also, there was a decrease in accounting and audit fees, legal fees, management and consulting fees, and office and general expenses as presented above table above under results of operation for three months.
- Loss of $3,162,872 in Q4/2015 was more than loss of $601,094 in Q3/2015 and $1,024,237 in Q2/2015.This increase mainly is due to impairment loss of tangible assets, intangible assets and goodwill. On the other side there was a decrease in accounting and audit fees, legal fees, management and consulting fees, and office and general expenses.
- Share-based compensation of $193,534 in Q4/2015 was lower than $4,915,287, which was recognized in Q2/2014 in respect of 5,619,000 options granted to executive officers, directors, and consultants.
- In Q4/2015, the Company sold the patent application relating to a method in preventing and treating avian influenza in birds, purchased in 2009, and sold the Flash Freeze Extractor (FFE) prototype, recognizing a loss of $392,921.

RESEARCH COSTS

The Company's research costs are primarily composed of consulting fees paid to researchers and contract manufacturers and incentive options and warrants granted to advisors and researchers.

For the three months ended:	Canada	United States	Total
December 31, 2015	$ 15,528	$ 6,243	**$ 21,771**
September 30, 2015	5,606	6,523	**12,129**
June 30,2015	3,488	337	**3,825**
March 31, 2015	19,283	17,813	**37,096**
December 31, 2014	2,058	27,683	**29,741**
September 30, 2014	13,947	26,321	**40,268**
June 30, 2014	11,766	24,416	**36,182**
March 31, 2014	2,596	23,831	**26,427**

GENERAL AND ADMINISTRATION EXPENSES

The Company's general and administration expenses are primarily composed of office rent, office supplies, salary and wages, and travel expenses.

For the three months ended:	Rent	Office supplies	Salary and wages	Others	Travel	Total
December 31, 2015	$ 33,185	$ 15,574	$ 26,928	$ 20,918	$ 15,214	**$ 111,819**
September 30, 2015	14,481	61,446	49,652	4,316	14,870	**144,765**
June 30, 2015	81,947	11,099	61,004	32,617	23,552	**210,219**
March 31, 2015	42,357	(100,600)	72,091	6,095	27,629	**47,572**
December 31, 2014	67,520	140,919	87,947	28,805	15,004	**340,195**
September 30, 2014	75,423	21,483	31,254	81,846	26,899	**236,905**
June 30, 2014	7,158	52,572	1,422	5,693	34,854	**101,699**
March 31, 2014	7,829	1,032	-	8,741	550	**18,152**

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2015, the Company had a cash balance of $299,229 (September 30, 2015 - $157,758). During the period ended December 31, 2015, cash used for operating activities was $301,601 (December 31, 2014 – $690,780); $496,000 was received from financing activities (December 31, 2014 – $83,200), and cash used for investing activities was $16,758 (December 31, 2014– cash received from investing activities of $611,441).

The Company continues to use its cash resources to fund its administrative requirements and product development and launch. As the Company does not currently generate revenue, cash balances, will continue to decline as funds are used to conduct its operations, unless replenished by capital fundraising. As the Company is undertaking to launch products for sale in early 2016, cash flow projections show revenue beginning in 2016 and climbing based in line with marketing expenditures.

In order to fund the Company's ongoing operational needs, the Company will need additional funding through equity or debt financing, joint venture arrangements or a combination thereof. The Company's operations to date have been financed by the issuance of its common shares and debt instruments. The Company continues to seek capital through various means including the issuance of equity and debt. While the Company has been successful in raising funds in the past, there is no assurance that it will continue to do so in the future or that it will be available on a timely basis or on terms acceptable to the Company.

The financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. If the Company is unable to obtain sufficient funding, the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern will be in significant doubt. The Company has incurred $14,029,625 in losses from inception including a net loss of $ 499,618 for the period ended December 31, 2015 (December 31, 2014 - $785,451), and has a working capital deficiency of $545,892 as at December 31, 2015 (September 30, 2015 – working capital deficiency of $787,875).

FINANCIAL INSTRUMENTS

As at December 31, 2015, the Company's financial instruments are comprised of cash, cash held in trust, marketable securities, investments and term deposits, trade and other receivables, trade and other payables and advance payable. The Company's financial instruments are exposed to certain risks, which include credit risk, interest rate risk and liquidity risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash, cash held in trust, term deposits and trade and other receivables are exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness. As at December 31, 2015 and September 31, 2015, the Company's exposure is the carrying value of the financial instruments.

The Company's maximum exposure to credit risk is the carrying value of its financial assets.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company manages liquidity by maintaining adequate cash balances to meet liabilities as they become due.

The Company maintained cash at December 31, 2015 in the amount of $299,229 (September 30, 2015 – $157,758), in order to meet short-term business requirements. At December 31, 2015, the Company had accounts payable and accrued liabilities and advances payable of $951,260 and $18,871, respectively (September 30, 2015 – $1,118,089 and $18,871, respectively). All accounts payable and accrued liabilities and advances payables are current.

Market risk

The significant market risks to which the Company is exposed are interest rate risk and currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Included in the loss for the year in the financial statements is interest income on Canadian dollar cash and term deposits. The Company is not exposed to significant other price risk.

Currency risk

The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars. The Company has not entered into any foreign currency contracts to mitigate this risk.

The Company's cash and cash equivalents and accounts payable and accrued liabilities are partly held in US dollars ("USD"); therefore, USD accounts are subject to fluctuation against the Canadian dollar.

The Company had the following balances in Canadian and foreign currencies as at December 31, 2015:

As at December 31, 2015

	in CAD	in USD
Cash	$ 295,792	$ 2,441
Cash held in trust	5,304	-
Marketable securities	49,000	-
Amounts receivable	38,353	1,301
Accounts payable and accrued liabilities	(559,349)	(278,346)
Advances payable	(18,871)	-
	(189,771)	**(274,603)**
Rate to convert to $1.00 CAD	1.000	1.4080
Equivalent to Canadian dollars	**(189,771)**	**(386,641)**

Based on the above net exposures as at December 31, 2015, and assuming that all other variables remain constant, a 10% appreciation or depreciation of the CAD against the USD would increase/ decrease profit or loss by $38,664.

OUTSTANDING COMMON SHARE DATA

There are an unlimited number of common shares without par value authorized for issue.

At December 31, 2015, there were 90,415,129 issued and fully paid common shares

As at the date of this MD&A, the Company has 92,643,085 common shares issued and outstanding, 6,520,000 share purchase options outstanding and 20,300,818 share purchase warrants outstanding. On a fully diluted basis, 118,463,903 common shares were outstanding.

TRANSACTIONS WITH RELATED PARTIES

Transactions with associates

During the period ended December 31, 2015, the Company provided $nil shareholder loans to Phytalytics LLC (during year ended September 30, 2015, the amount of $390,532 (US$ 261,517)). The amount of 649,064(US$ 460,983) remains outstanding as at December 31, 2015 and the Company has taken actions to recover these loans.

Key management personnel compensation

		For the three months ended December 31, 2015		
Name	Position	Management and consulting fees	Director' fees	Total
William (Bill) Fleming (i)	CEO	$ 41,250	$ -	$ 41,250
Rene David (iii)	CFO	48,125	-	48,125
Brazos Minshew (v)	Director	7,040	-	7,040
Guy Dancosse (vi)	Director	4,500	-	4,500
Dunlap Codding, P.C. (vii)	Director	601	-	601
James Irving (ix)	Director	9,000	-	9,000
		$ 110,516	**$ -**	**$ 69,266**

		For the three months ended December 31, 2014		
Name	Position	Management and consulting fees	Directors' fees	Total
Mike Withrow (ii)	CEO	$ 43,749	$ -	$ 43,749
Rene David (iii)	CFO	31,250	-	31,250
Terence Fealey (iv)	Director	27,683	-	27,683
Brazos Minshew (v)	Director	-	26,599	26,599
Dunlap Codding, P.C. (vii)	Director	66,528	-	66,528
Emanuel "Manny" Montenegrino (viii)	Director	32,320	-	32,320
		$ 201,530	**$ 26,599**	**$ 228,129**

i) The Company paid management fees of $41,250 to Manewagi Technologies Incorporated, a company controlled by Mr. Bill Fleming (December 31, 2014 - nil).

During the period ended December 31, 2015, the Company issued 376,923 common shares to Mr. Bill Fleming to settle $33,923 of accounts payable.

At December 31, 2015, $57,327 due to Manewagi Technologies Incorporated and $11,108 due to Bill Fleming were included in trade and other payables (September 30, 2015 – $48,812).

During the year ended September 30, 2015, the Company granted 700,000 stock options with exercise price of $0.06 and estimated fair value of $36,497 to Mr. Bill Fleming (September 30, 2015 – nil).

ii) On January 27, 2015, Mr. Mike Withrow resigned his role as CEO and president. The Company paid management fees of nil to Chiron Capital Inc., a company controlled by Mr. Withrow during the period ended December 31, 2015 (December 31, 2014 – $43,749).

iii) The Company paid management fees of $48,125 to Crimson Opportunities Ltd., a company controlled by Mr. David during the period ended December 31, 2015 (December 31, 2014 - $31,250). During the period ended December 31, 2015, the Company issued 100,000 common shares with a fair value of $6,875 in lieu of cash payments to Crimson Opportunities Ltd.

On May 21, 2014, the Company leased a facility from Crimson Opportunities Ltd. to manufacture and warehouse its proprietary Biocube systems. During the period ended December 31, 2015, the Company paid $3,205 in related lease expenses (December 31, 2014 - $ 9,615). The lease was terminated on October 31, 2015.

At December 31, 2015, $19,037 due to Crimson Opportunities Ltd. and $10,098 due to Rene David were included in trade and other payables (September 30, 2015 – $5,548).

iv) On February 1, 2015, the company entered into a settlement agreement with Mr. Fealey. Based on the agreement, the consulting agreement with Mr. Fealey was terminated and the outstanding amount owing of $235,024 (2014 - $104,182) to Mr. Fealey was settled for US$32,000. The Company is required to pay this amount in six equal payments (each US$5,333) from February to July 2015. Three payments have been made (US$16,000).

The Company entered into an advisory agreement with Mr. Fealey on February 1, 2015. Based on this advisory agreement, the Company granted 325,000 stock options with a fair value of $27,577 to Mr. Fealey.

At December 31, 2015, $22,528 (US$ 16,000) due to Mr. Fealey was included in trade and other payables (September 30, 2015 - $21,430).

v) During the period ended December 31, 2015, the Company paid management and consulting fees of $7,040 (US$ 5,000) to Mr. Minshew (December 31, 2014 - the Company issued 66,668 common shares to Mr. Minshew for the directors' fees of $12,667).

At December 31, 2015, $14,080 (US$ 10,000) due to Mr. Minshew was included in trade and other payables (September 30, 2015 - $6,697- US$ 5,000).

vi) During the period ended December 31, 2015, the Company issued 50,000 common shares to Mr. Dancosse for the directors' fees of $4,500 (December 31, 2015 - nil).

At December 31, 2015, $1,139 (due to Mr. Dancosse was included in trade and other payables (September 30, 2015 - $1,139).

vii) The Company recorded legal fees of $601 (US$427) to Dunlap Codding, P.C., of which of Mr. Douglas Sorocco is a one-third partner, during the period ended December 31, 2015 (December 31, 2014 - $99,245).

At December 31, 2015, $213,801 (US$152,274) (September 30, 2015 – $203,384) due to Dunlap Codding, P.C. was included in trade and other payables.

viii) The Company paid consulting fees of $nil to Think Sharp, a company controlled by Emanual Montenegrino, the director of the Company, during the period ended December 31, 2015 (December 31, 2014 – $32,320 consulting fees). During the period ended December 31, 2015, the Company issued nil common shares (December 31, 2014, the Company issued 40,000 common shares with a fair value of $7,600 in lieu of cash payments). Mr. Montenegrino resigned his role as director effective August 31, 2015.

ix) The Company issued 100,000 common shares to Mr. James Irving for the directors' fees of $9,000 (September 30, 2015 - nil).

Transactions with related parties are measured at the exchange amount of consideration established and agreed to by the related parties.

COMMITMENTS

i) On March 1, 2012, the Company entered into a three year consulting agreement with one of the directors of the Company. Under the agreement, the Company will pay US $8,000 per month to this director for consulting and research and development services. On February 1, 2015, the company entered into a settlement agreement with the director (see also Note 16(iv)) and the consulting agreement was terminated.

ii) On April 20, 2012, the Company entered into a five-year exclusive distribution agreement with Hedley Enterprises Ltd. ("Hedley") to purchase, resell and distribute Abattis' line of natural products in Canada. Under the terms of the Agreement Hedley has acquired the exclusive right to sell and distribute Abattis' products to all retail distribution channels, which include health food stores, grocery stores, fitness facilities, and similar retail establishments.

iii) On November 1, 2012, the Company renewed a three-year office lease with Toro Holdings Ltd. and subsequently in June 2015 expanded the lease for 3 months up to January 31, 2016. Subsequent to the period on February 1, 2016, the Company renewed a three-year lease. The Company's minimum annual lease payments based on fiscal years are as follows:

Year		
2016	$	31,239
2017		31,113
2018		31,113
2019		10,371
	$	103,837

iv) On December 27, 2012, the Company entered into a license agreement with Vertical Designs Ltd. ("Vertical Designs"), a company controlled by the former director of the Company. Under the agreement, the Company has been granted the exclusive, worldwide rights to a patent license, with the right to grant sublicenses, to use the Bio Pharma technology for growing products at licensed facilities, which products may only be used as ingredients in the pharmaceutical, nutraceutical, cosmetic and wellness markets. The royalty provisions of the license agreement reflect that: (i) the royalty payable on net sales of all products sold by Abattis was 4%; (ii) in consideration for the grant of the Company's right to grant sublicenses, the Company will pay to Vertical Designs Ltd. a sublicense royalty of 15% of any monies or other consideration that the Company receives from any sublicense; and (iii) after two years, the Company will be required to pay to Vertical Designs Ltd. a minimum royalty payment of $25,000 per year and if the combined royalty payments paid from (i) and (ii) above do not equal $25,000 in any given year then the Company will be permitted to top up such amount with a cash payment. The first minimum royalty agreement is due on February 29, 2015. Under the terms of the agreement, the patent license will revert to Vertical Designs Ltd. in certain circumstances, including: (i) if the Company terminates the agreement; (ii) if the Company materially breaches or defaults in the performance of the agreement and has not cured such default within 60 days, or in the case of failure to pay any amounts due, then within 30 days, after receiving written notice from Vertical Designs Ltd. specifying the breach; (iii) if the Company discontinues its business of producing ingredients for pharmaceutical, nutraceutical, cosmetic or wellness markets; (iv) if the Company fails to pay the annual $25,000 minimum royalty payment for any year ending after the second anniversary of the agreement; or (v) if the Company becomes insolvent, makes an assignment for the benefit of creditors or has a petition of bankruptcy filed by or against it, which petition is not vacated or otherwise removed within 90 days after the filing thereof. The Company also agreed to pay Vertical Designs $250,000 for the purchase and sale of six complete Vertical Designs operational units. The purchase price will be paid in instalments, dates and amounts are to be determined between the parties, with the first payment due on

or before the earlier of five business days following the Company completing an equity and/or debt financing of any amount or the first business day in the seventh month following the date of the Bill of Sale.

During year ended September 30, 2015, VDL sent a letter advising they were terminating the license agreement discussed in Note 18(iv) by citing that the Company failed to comply with certain terms and conditions included in the license agreement. The Company believes that the terms in the license agreement have been followed; as a result, the license agreement should be valid. The Company intends to continue to honor the agreement and make any payments or provide any information required under the license. The Company provides for costs related to contingencies when a loss is probable and the amount is reasonably determinable. In the opinion of management, no grounds exist that justify the termination of the license agreement. It is the opinion of management, based in part on advice of legal counsel, that the ultimate resolution of the termination of the license agreement is undeterminable.

Subsequent to year end on January 12, 2016, Vertical Design Ltd. entered into an agreement to assign the patent license to Affinor Growers Inc. ("Affinor"). Affinor has confirmed that the Company will still have rights to use the technology.

v) On October 1, 2013, the Company entered into a consulting agreement with Crimson Opportunities Ltd., a company controlled by the CFO of the Company for his services as CFO and COO. This consulting agreement was amended February 1, 2015. Under the agreement, the Company will pay annual consulting fees of $165,000 (excluding GST). He will also be entitled to 25,000 common shares of the Company on a monthly basis.

vi) On May 21, 2014, the Company entered into 5-year warehouse sublease in Squamish. The lease agreement terminated on October 30, 2015.

vii) On October 30, 2015, Phyatalytics LLC. terminated it's lease agreement in Washington.

viii) During the year ended September 30, 2014, the Company entered into a 34-month office lease ending June 30, 2017. The Company's minimum annual lease payments are as follows:

Year		
2016		75,597
2017		58,418
	$	134,015

During the period ended December 31, 2015 the Company paid $17,812 lease payments (December 31, 2014 - $17,094). These amounts have been charged to the statement of loss and comprehensive loss during the period.

ix) On February 4, 2015, the Company entered into a US$25 million equity line facility agreement with Dutchess Opportunity Fund, II, LP, a Delaware Limited Partnership ("Dutchess"). The Company has filed a preliminary registration statement with the U.S. Securities & Exchange Commission ("SEC") on March 28, 2015 covering the Abattis shares that may be issued to Dutchess under this financing. After the SEC has declared the registration statement related to the transaction effective, the Company has the right at its sole discretion over a period of three years to sell up to US$25 million of common shares to Dutchess under the terms of the financing agreement, which shares will be issued at the current market price less permitted discounts in effect during such issuances. Proceeds from this transaction will be used to fund the continued development of the Company's GDERS (grow, dry, extract, refine, sell) strategy spanning the entire industry supply chain from seed to sale. The registration statement has not yet been declared effective by the SEC.

CONTINGENT LIABILITIES

- On September 20, 2012, a claim, which is based on a contract dated June 29, 2009 between the Company and the plaintiff, was filed against the Company. The plaintiff and the Company entered into an agreement dated May 16, 2011 to settle a dispute between the two parties over the contract dated June 29, 2009. The Company made an initial payment of $5,000 to the plaintiff, as per the agreement dated May 16, 2011. However, the plaintiff did not transfer the payment to an individual named in the agreement nor did the plaintiff instruct this individual appropriately. As such, the Company refused to make any further payments under this agreement until those events have taken place. The plaintiff claims that the agreement of May 16, 2011 is not binding and is seeking payment of $145,000. The outcome of this claim is not determinable and therefore no amount has been recorded for any potential payments which may have to be made.
- The Company has received the outcome of the judgement regarding a claim of its former consultants for breaching the consulting contract, which the plaintiff is entitled to 75,000 options of the Company. Subsequent to the year ended September 30, 2015, the Company reached a settlement in its ongoing litigation involving John Gregory Dennison and Integra Construction Ltd. Based on the settlement, the Company issued 350,000 free-trading common shares; paid $100,000 to the Plaintiffs and will pay $5,700 per month for ten (10 months) commencing on November 1, 2015.
- The Company has settled a claim from one of its former consultants White Rock Holdings Inc. for a declaration of entitlement of 5% of the Company's common shares, damages, punitive damages and costs. The Company has come to terms with White Rock Holdings to pay $25,000 cash and 75,000 shares issued. The Company has made payment of $15,000 on May 13, 2015 and other payment of $15,000 on December 14, 2015.
- The Company is defending a claim from one of its former consultants for breaching a contract to pay for marketing services for approximately $23,000. The Company has filed a counter claim that the plaintiff failed to provide the requested services. The outcome of the claim is not determinable and therefore no amounts have been recorded for any potential payments which have to be made.
- The Company is defending a claim from one of its former directors for amounts payable to him which he claims were to be settled in common shares. The plaintiff has claimed damages of approximately $300,000. The outcome of this claim is not determinable.

It is the opinion of management, based in part on advice of legal counsel, that the ultimate resolution of these contingencies, to the extent not previously provided for, will not have a material adverse effect on the financial condition of the Corporation.

EVENTS AFTER THE REPORTING DATE

Subsequent to December 31, 2015:

- A total of 25,000 common shares were issued to the Company's directors and officers for the services provided to the Company.
- A total of 805,556 common shares were issued to the Company's consultants for the services provided to the Company.
- Subsequent to the period ended December 31, 2015, the Company reached to a settlement with one of its creditors to pay total owing amount of $38,844, consisting of $15,000 in cash and 397,400 in common shares .The share were issued on January 25, 2016.
- Subsequent to the period ended December 31, 2015, the Company reached a settlement with one of its creditors to pay total owing amount of $80,252, with the issuance of 1,000,000 common shares and 1,000,000 share

purchase warrants of the Company. The warrants are exercisable until February 15, 2019 at a price of $0.05 per share.

- On February 19, 2016, the Company issued 750,000 stock options to a consultant of the Company. The stock options are exercisable at a price of $0.055 per share for a period of two years and shall vest in accordance with the Company's stock option plan.

OUTLOOK

The Company has spent most of the previous fiscal year disposing of non-core assets and restructuring management focus away from a fully vertically integrated company and on reducing unnecessary overhead and operating costs. Management will continue to seek ways to further reduce any unnecessary operating costs in 2016.

For the 2016 fiscal year, Abattis will continue with its focus as a bioceutical production and sales company, with projected positive cash flow within the 2016 fiscal year from the launch of the products Comfort, Soothe, Sassy and sales of the proprietary botanical blend ingredient PhytoNOS. The Company expects a pipeline of products to be deployed into the direct sales channel and wholesale distribution markets and to focus on further enhancing its international associations and trade.

Abattis will deploy its medical marijuana and growing technology for legal marijuana into its own separate programs while still holding a portion as an asset on the ATT books. Abattis' US investor base is strong and we appreciate the potential market it represents for our products and technologies. While Abattis waits for the cannabis regulations to develop further in the US, it remains active on MMJ activities through its Northern Vine Canada Ltd. laboratory in Canada while producing and selling food and supplements in the US.

Abattis continues to focus on the emerging biotechnology space around medical marijuana and proprietary botanical formulations, patentable processes and compositions and ingredients that are derived from Cannabis Sativa L. The Company has applied for approval from Health Canada for several Licenses under the new MMPR program (Marihuana for Medical Purpose Regulation). It is management's opinion that the trend in the growth of Licensed Producers in Canada will grow as the government transitions into the commercialization of the medical marijuana.

RISKS AND UNCERTAINTIES

The Company is in the biotechnology business and as such is exposed to a number of risks and uncertainties that are not uncommon to other companies in the same business. The Company has no ongoing revenue or income from operations. The Company has limited capital resources and has to rely upon the sale its assets or sale of its common shares for cash required to make new investments and to fund the administration of the Company.

These risks may not be the only risks faced by the Company. Additional risks and uncertainties not presently known by the Company or which are presently considered immaterial may also adversely impact the Company's business, results of operations, and financial performance. The most significant risks and uncertainties faced by the Company are (in no specific order) are:

Going concern

The Company's capability to continue as a going concern is dependent upon its ability to obtain additional debt or equity financing to meet its obligations as they come due. If the Company were unable to continue as a going concern, then significant adjustments would be required to the carrying value of assets and liabilities, and to the balance sheet classifications currently used. While the Company has been successful in raising funds in the past, it is uncertain whether it will be able to raise necessary funds to further develop its products.

No commercial products have been developed

We have not completed the development of any commercial products, and accordingly we have not begun to market or generate revenues from sales of the products we are developing.

Reliance on license

The Company, its subsidiaries, and/or its associate(s) will not be able to legally grow, test or process medical marijuana without a license from Health Canada. The licensing requirements mandated by Health Canada are stringent and must be complied with before any license is granted by Health Canada under the Marihuana for Medical Purposes Regulations ("MMPR"), including;

- significant infrastructure requirements of attaining and maintaining a license such as an indoor growing facility with physical barriers, visual monitoring, recording devices, intrusion detection, air filtration systems, as well as other important controls around distribution and access, among others.
- a facility meeting the rigorous licensing requirements of Health Canada must be available for inspection by Health Canada before any license can be granted,
- once a license is issued, the Company must comply with a number of ongoing requirements, including (i) physical security and storage measures, (ii) good production practices, and (iii) proper packaging, labelling and shipping practices.
- in order to obtain and maintain a license, the Company must ensure that it complies with the terms of its other permits and ancillary licenses such as the import or export permit from the Minister of Health, as well as ensuring that all of its management and designated personnel have passed the security clearance provided for under MMPR.

There can be no guarantee that Health Canada will issue, extend or renew the License or, if it is extended or renewed, that it will be extended or renewed on the same or similar terms. Failure to comply with the requirements of the license or any failure to maintain this license would have a material adverse impact on the business, financial condition and operating results of the Company or any company that it may invest in or acquire.

Market acceptance

Even if we obtain the necessary marketing approvals, our products may not gain meaningful market acceptance, and we may not become profitable. We and our corporate collaborators may not be able to contend successfully with competitors. The biotechnology and pharmaceutical industries are highly competitive and subject to significant and rapid technological change as researchers learn more about diseases and develop new technologies and treatments. Our current and potential competitors generally include major multinational pharmaceutical companies, biopharmaceutical firms, specialty pharmaceutical companies, universities and other research institutions.

Many of our competitors, either alone or together with their collaborators, have substantially greater financial resources and larger research, development and regulatory staffs than ours and those of our corporate collaborators. There can be no assurance that competitors will not develop more effective or more affordable products, or achieve earlier patent protection or product commercialization than us and our corporate collaborators.

Competition

The Company plans to compete in an industry in which there are few, but growing number of participants. The Company will have to prove its ability to compete against companies that are further ahead in the approval process by Health Canada and have greater financial, technological, production and marketing resources.

Product liability claims

Our product candidates subject us to the risk of product liability claims for which we may not be able to maintain or obtain adequate insurance coverage. Inherent in the use of our product candidates in clinical trials, as well as in the manufacturing and distribution in the future of any approved products, is the risk of financial exposure to product liability claims and adverse publicity in the event that the use of such products results in personal injury or death. There can be no assurance that we will not experience losses due to product liability claims in the future.

Potential delayed or impaired future sales

Even if any of our product candidates receives regulatory approval, we and our collaborators may still face development and regulatory difficulties that may delay or impair future sales. If we or our collaborators obtain regulatory approval for any of our product candidates, we and our collaborators will continue to be subject to extensive regulation by Health Canada, the FDA, other federal authorities, certain state agencies and regulatory authorities elsewhere. These regulations will impact many aspects of our operations and the drug manufacturer's operations including manufacture, record keeping, quality control, adverse event reporting, storage, labelling, advertising, promotion, sale and distribution, export and personnel. The FDA and state agencies may conduct periodic inspections to assess compliance with these requirements. We, together with our collaborators, will be required to conduct post-marketing surveillance of the product. We also may be required to conduct post-marketing studies. Our or our collaborators' failure to comply with applicable FDA and other regulatory requirements, or the later discovery of previously unknown problems, may result in restrictions including:

- delays in commercialization;
- refusal by Health Canada, the FDA or other similar regulatory agencies to review pending applications or supplements to approved applications;
- product recalls or seizures;
- warning letters;
- suspension of manufacturing;
- withdrawals of previously approved marketing applications;
- fines and other civil penalties;
- injunctions, suspensions or revocations of marketing licenses;
- refusals to permit products to be imported to or exported from the United States; and
- criminal prosecutions.

Technology risk

The Company will have to expand its patent protection to other countries. There can be no assurances that the Company will be able to do so successfully. The Company may not have the financial resources to enforce its patents should another company compete with a similar or identical product that infringes on the Company's patents.

Intellectual property

Our success depends on our ability to protect our proprietary rights and operate without infringing the proprietary rights of others; we may incur significant expenses or be prevented from developing and/or commercializing products as a result of an intellectual property infringement claim.

Our success will depend in part on our ability and that of our corporate collaborators to obtain and enforce patents and maintain trade secrets, in Canada, the United States and in other countries.

Patent law relating to the scope and enforceability of claims in the fields in which we operate is still evolving. The patent positions of biotechnology and biopharmaceutical companies, including us, is highly uncertain and involves complex legal and technical questions for which legal principles are not firmly established. The degree of future protection for our

proprietary rights, therefore, is highly uncertain. In this regard there can be no assurance that patents will issue from any of the pending patent applications. In addition, there may be issued patents and pending applications owned by others directed to technologies relevant to our or our corporate collaborators' research, development and commercialization efforts. There can be no assurance that our or our corporate collaborators' technology can be developed and commercialized without a license to such patents or that such patent applications will not be granted priority over patent applications filed by us or one of our corporate collaborators.

Our commercial success depends significantly on our ability to operate without infringing the patents and proprietary rights of third parties, and there can be no assurance that our and our corporate collaborators' technologies and products do not or will not infringe the patents or proprietary rights of others.

There can be no assurance that third parties will not independently develop similar or alternative technologies to ours, duplicate any of our technologies or the technologies of our corporate collaborators or our licensors, or design around the patented technologies developed by us, our corporate collaborators or our licensors. The occurrence of any of these events would have a material adverse effect on our business, financial condition and results of operations.

Litigation may also be necessary to enforce patents issued or licensed to us or our corporate collaborators or to determine the scope and validity of a third party's proprietary rights. We could incur substantial costs if litigation is required to defend ourselves in patent suits brought by third parties, if we participate in patent suits brought against or initiated by our corporate collaborators or if we initiate such suits, and there can be no assurance that funds or resources would be available in the event of any such litigation. An adverse outcome in litigation or an interference to determine priority or other proceeding in a court or patent office could subject us to significant liabilities, require disputed rights to be licensed from other parties or require us or our corporate collaborators to cease using certain technology or products, any of which may have a material adverse effect on our business, financial condition and results of operations.

Change in laws, regulations, and guidelines

The Company's operations are subject to a variety laws, regulations and guidelines relating to the manufacture, management, transportation, storage, and disposal of medical marijuana and hemp but also including laws and regulations relating to health and safety, the conduct of operations and the protection of the environment. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of the Company that it may invest in or acquire.

Limited operating history

The Company is subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

Future financing

The Company will require financing for the building and operation of facilities and business, which are capital intensive. In order to execute on an anticipated growth strategy, the Company will require equity and/or debt financing to support start up and on-going operations, to undertake capital expenditures or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to the Company when needed, if ever, or on terms which are acceptable. The Company's inability to raise financing to support on-going operations or to fund capital expenditures or acquisitions would limit the Company's plans and would have a material adverse effect start-up and planned operations.

Dilution

To conduct its business, the Company may from time to time require additional funds. The Company may have to issue additional securities including, but not limited to, common shares or some form of convertible security, the effect of which will result in a dilution of the equity interests of any existing shareholders.

Dependence on key personnel

The Company strongly depends on the business and technical expertise of its management and it is unlikely that this dependence will decrease in the near term. Loss of the Company's key personnel could slow the Company's ability to innovate, although the effect on ongoing operations would be manageable as experienced key operations personnel could be put in place. As the Company's operations expand, additional general management resources will be required.

If the Company expands its operations, the ability of the Company to recruit, train, integrate and manage a large number of new employees is uncertain and failure to do so would have a negative impact on the Company's business plans.

There can be no assurance that any one of these risk factors would not impact the Company's ability to fund capital expenditures or acquisitions associated with the medical marijuana and hemp industries and would limit and may have a material adverse effect on start-up and planned operations.

OFF-BALANCE SHEET ARRANGEMENTS

The Company did not enter into any off-balance sheet arrangements during the period ended December 31, 2015.

PROPOSED TRANSACTIONS

The Company does not currently have any proposed transactions approved by the Board of Directors. All current proposed transactions are fully disclosed in the financial statements for the period ended December 31, 2015.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

CONFLICTS OF INTEREST

The Company's directors and officers may serve as directors or officers, or may be associated with other reporting companies, or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding on terms with respect to the transaction. If a conflict of interest arises, the Company will follow the provisions of the British Columbia Business Corporations Act in dealing with conflicts of interest. These provisions state that where a director has such a conflict, that director must, at a meeting of the Company's directors, disclose his or her interest and refrain from voting on the matter unless otherwise permitted by the Corporations Act. In accordance with the laws of the Province of British Columbia, the directors and officers of the Company are required to act honestly, in good faith, and in the best interest of the Company.

SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates which, by their nature, are uncertain. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the

period in which the estimate is revised if the revision affects only that period or in both the period of revision and future periods if the revision affects both current and future periods.

Significant estimates are estimates and assumptions about the future and other sources of estimation uncertainty that management has made, that could result in a material adjustment to the carrying amounts of assets and liabilities. Significant estimates used in the preparation of these consolidated financial statements include, but are not limited to, the following:

- Allowance for doubtful accounts

  The Company must make an assessment of whether loan receivables are collectible from debtors. Accordingly, management establishes an allowance for estimated losses arising from non-payment, taking into consideration customer credit, current economic trends and past experience. If future collections differ from estimates, future earnings would be affected.

- Investment in associates

  Included in the carrying value of the Company's investment in associates is the Company's share of loss of the associates for the period ended December 31, 2015. The associates have not released full financial statements for the period ended December 31, 2015 and the Company's share of the loss of the associate has been estimated based on available information, including the associates' internal financial records. These estimates may change when full financial statements become available and this may impact the carrying value of the investment in associates. The Company has not guaranteed any amounts for associates.

- Business combinations

  The company makes estimates related to the values assigned to assets in the purchase price allocation in a business combination. Changes in these assumptions could result in a change in the value of intangible assets, property and equipment, and non-controlling interests.

- Provisions and contingencies

  The amount recognized as a provision, including legal, contractual, constructive and other exposures or obligations, is the best estimate of the consideration required to settle the related liability, including any related interest charges, taking into account the risks and uncertainties surrounding the obligation. In addition, contingencies will only be resolved when one or more future events occur or fail to occur. Therefore, assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events. The Company assesses its liabilities and contingencies based upon the best information available.

- Impairment

  Assets, including intangible assets, property and equipment, goodwill and investment in associates, are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may exceed their recoverable amounts. As at September 30, 2015, there were indications that certain tangible and intangible assets of the Company are impaired. The effect of this impairment is recorded in the Company's statement of loss and comprehensive loss.

- Inputs used in determining the estimated fair values of options and warrants issued during the year

  The Company has an equity-settled share-based compensation plan for directors, officers and consultants. Services received, and the corresponding increase in equity, are measured by reference to the fair value of the equity instruments at the date of grant, excluding the impact of any non-market vesting conditions. The fair value of share options are estimated using the Black-Scholes model on the date of grant based on certain assumptions. Those assumptions are described in Note 15 and include, among others, expected volatility, expected life of the options and number of options expected to vest.

- Estimated useful lives of property and equipment and intangible assets

  The Company makes estimates and utilizes assumptions in determining the useful lives of property and equipment and intangible assets, and the related depreciation and amortization. Uncertainties in these estimates relate to technical obsolescence that may change the utilization of certain assets.

While management believes the estimates contained within these consolidated financial statements are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

Significant accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. Critical accounting judgments used by the Company include, but are not limited to, the following:

- Income taxes

  The Company is subject to income taxes in various jurisdictions and subject to various rates and rules of taxation. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain.

  The Company recognizes liabilities for anticipated tax audit issues based on the Company's current understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

  In addition, the Company has not recognized deferred tax assets relating to tax losses carried forward. Future realization of the tax losses depends on the ability of the entity to satisfy certain tests at the time the losses are recouped, including current and future economic conditions and tax law.

- Going concern

  The Company's ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances.

- Impairment of non-financial assets

  Judgment is involved in assessing whether there is any indication that an asset or cash generating unit may be impaired. This assessment is made based on the analysis of, amongst other factors, changes in the market or business environment, events that have transpired that have impacted the asset or cash generating unit, and information from internal reporting.

FUTURE ACCOUNTING PRONOUNCEMENTS

New and amended standards adopted

Effective October 1, 2015, the Company adopted the following revised IASs and IFRSs issued by the IASB. These revised standards and interpretation did not have a material impact on the Company's consolidated financial statements.

IFRS 8, Operating Segments – amended to require the disclosure of the judgements made by management in applying the aggregation criteria to operating segments and to clarify that the reconciliation of the segment assets is required if they are regularly provided to the chief operating decision-maker. It is effective for annual periods beginning on or after July 1, 2014.

IFRS 13, Fair Value Measurement ("IFRS 13") – the Basis of Conclusions was amended to clarify that issuing IFRS 13 and amending IFRS 9, *Financial Instruments* ("IFRS 9") and IAS 39, *Financial Instruments: Recognition and measurement* ("IAS 39") did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis. IFRS 13 was also amended to clarify the scope of the portfolio exception. It is effective for annual periods beginning on or after July 1, 2014.

IAS 16, Property, Plant and Equipment ("IAS 16") and IAS 38, Intangible assets ("IAS 38") – amended to clarify that, under the revaluation method, the gross amount of property, plant and equipment and intangible asset is adjusted in a manner consistent with the revaluation of the carrying amount of the asset. Accumulated amortization is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses as a result of the revaluation. It is effective for annual periods beginning on or after July 1, 2014.

IAS 24, Related Party Disclosures ("IAS 24") – amended to clarify how payments to entities providing management services to the Company are to be disclosed. It is effective for annual periods beginning on or after July 1, 2014.

The Company adopted these standards as at October 1, 2014 and has determined that they have no material impact on the Company's consolidated financial statements.

New standards and interpretations not yet adopted

The IASB issued the following new and revised accounting pronouncements. The Company does not anticipate early adoption of these standards at this time and they are not expected to have a material impact on the Company's consolidated financial statements.

IFRS 10, Consolidated Financial Statements ("IFRS 10") and IAS 28, Investment in Associates and Joint Ventures ("IAS 28") – amended to require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business and to require partial recognition of gains and losses where the assets do not constitute a business. It is effective for annual periods beginning on or after January 1, 2016.

IFRS 10, IFRS 12, Disclosure of Interests in Other Entities, and IAS 28 – amended to address issues that have arisen in the context of applying the consolidation exception for investment entities. It is effective for annual periods beginning on or after January 1, 2016.

IAS 1, Presentation of Financial Statements ("IAS 1") – amended to clarify IAS 1 to address perceived impediments to preparers exercising their judgment in presenting their financial reports. It is effective for annual periods beginning on or after January 1, 2016.

IFRS 5, Non-current Assets Held for Sale and Discontinued Operations – amended to add specific guidance for cases in which an entity reclassifies an asset from held for sale to held for distribution to its owners, or vice versa, and cases in which held-for-distribution accounting is discontinued. It is effective for annual periods beginning on or after July 1, 2016.

IFRS 7, Financial Instruments - Disclosure – amended to clarify whether a servicing contract is continuing involvement in a transferred asset and to clarify offsetting disclosure requirements in condensed interim financial statements. It is effective for annual periods beginning on or after July 1, 2016.

IAS 19, Employee Benefits – amended to clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefits should be issued in the same currency as the benefits to be paid. It is effective for annual periods beginning on or after July 1, 2016.

IAS 34, Interim Financial Reporting – amended to clarify the meaning of "elsewhere in the interim report" and require a cross-reference. It is effective for annual periods beginning on or after July 1, 2016.

IFRS 15, Revenue from Contracts with Customers – provides a single, principles based five-step model to be applied to all contracts with customers. Guidance is provided on the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various other matters. New disclosures about revenue are also introduced. It is effective for annual periods beginning on or after January 1, 2018.

IFRS 9 – replaces IAS 39. IFRS 9 introduces limited amendments to classification and measurement for financial assets, a new expected loss impairment model and a new hedge accounting model. It is effective for annual periods beginning on or after January 1, 2018.

APPROVAL

The Board of Directors of Abattis has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it and can be found on Sedar at www.sedar.com.

NARCOTIC CONTROL REGULATION'S LICENSING

To apply for a dealer's license, a person shall submit an application to the Minister containing:

- The corporation's name and any other name registered with a province, under which it intends to carry out the activities specified in its dealer's license or intends to identify itself;
- The address, telephone number and, if applicable, the facsimile number and e-mail address for the premises to which the dealer's license would apply and, if different, the mailing address for the premises;
- The name, date of birth and gender of the individual in charge of the premises;
- With respect to the proposed qualified person in charge and, if applicable, the proposed alternate qualified person in charge:
    - Their name, date of birth and gender,
    - Their academic qualifications, training and work experience relevant to their duties,
    - Their hours of work at the premises,
    - Their title at the premises,
    - The name and title of their immediate supervisor at the premises
- The name and gender of the individuals authorized to place an order for a narcotic on behalf of the applicant;
- The activities for which the license is sought that would be carried out at the premises to which the dealer's license would apply;

- If the license is sought to produce a narcotic other than a product or compound that contains a narcotic;
- A detailed description of the security measures at the premises, determined in accordance with the Security Directive;
- A detailed description of the method that the applicant proposes to use for recording their narcotic transactions.

An application for a dealer's license must:

- Be signed by the individual in charge of the premises to which the license would apply; and
- Be accompanied by a statement signed by the individual in charge indicating that:
    - All information and documents submitted in support of the application are correct and complete to the best of their knowledge, and
    - The individual has the authority to bind the applicant.

An application for a dealer's license must be accompanied by:

- Declarations signed by the individual in charge of the premises to which the application applies, the proposed qualified person in charge and, if applicable, the proposed alternate qualified person in charge, stating that they have not been convicted, as an adult, during the preceding 10 years, of:
    - a designated drug offence,
    - a designated criminal offence, or
    - an offence committed outside Canada that, if committed in Canada, would have constituted an offence referred to above;
- A document issued by a Canadian police force with respect to each of the persons referred to here, stating whether the person has or has not been convicted, as an adult, during the previous 10 years, of a designated drug offence or a designated criminal offence;
- If any of the persons referred to here has ordinarily resided in a country other than Canada during the preceding 10 years, a document issued by a police force of that country stating whether the person has or has not been convicted in that country, as an adult, during the preceding 10 years, of an offence that would have constituted a designated drug offence or a designated criminal offence if committed in Canada;
- A statement, signed and dated by the individual in charge of the premises to which the application applies, stating that the proposed qualified person in charge and, if applicable, the proposed alternate qualified person in charge have the knowledge and experience required;
- If the proposed qualified person in charge or, if applicable, the proposed alternate qualified person in charge is not a pharmacist or a practitioner of medicine, dentistry or veterinary medicine registered with a provincial professional licensing authority, a copy of the person's degree and a copy of the course transcript for that degree;
- If the applicant is a corporation, a copy of:
    - the certificate of incorporation or other constituting instrument, and

- any document filed with the province in which the premises to which the license would apply are located that states its corporate name or any other name registered with the province, under which the applicant intends to carry out the activities specified in its dealer's license or intends to identify itself.

The method proposed by the applicant for recording their narcotic transactions must:

- Allow for the recording of narcotic transactions in accordance with section 15 of the Narcotic Control Regulations; and
- Permit the Minister to audit the activities of the licensed dealer with respect to narcotics.

The Minister may, on receiving an application made under these Regulations, require the submission of any additional information that pertains to the information contained in the application and that is necessary for the Minister to process the application.

Subject to section 9.4 of the Narcotic Control Regulations, the Minister shall, after examining the information and documents required as stated above, issue a dealer's license that contains:

- The license number;
- The name of the licensed dealer or the title of the position they hold, or, if the licensed dealer is a corporation, its corporate name;
- A list of the activities that are permitted;
- The address of the premises at which the licensed dealer may carry on the permitted activities;
- The name of the narcotic for which the activities are permitted;
- The security level at the premises, determined in accordance with the Security Directive;
- The effective date of the license;
- The expiry date of the license, which may not be later than three years after its effective date;
- Any conditions to be met by the licensed dealer to:
  - ensure that an international obligation is respected,
  - provide the security level referred to above, or
  - reduce the potential security, public health or safety hazard, including the risk of the narcotic being diverted to an illicit market or use;
- In the case of a producer of a narcotic, the quantity of the narcotic that may be produced under the license and the period during which that quantity may be produced.

The Minister shall refuse to issue, renew or amend a dealer's license if:

- The applicant is not eligible under section 8.2 of the Narcotic Control Regulations;
- An inspector who has requested an inspection has not been given the opportunity by the applicant to conduct an inspection under section 16 of the Narcotic Control Regulations;

- False or misleading information or false or falsified documents were submitted in or with the application;
- An activity for which the license is requested would not be in compliance with an international obligation;
- Information received from a competent authority or the United Nations raises a reasonable belief that the applicant has been involved in the diversion of a narcotic to an illicit market or use or has been involved in an activity that was not in compliance with an international obligation;
- The applicant does not have in place the security measures set out in the Security Directive in respect of an activity for which the license is requested;
- The applicant is in contravention of or has contravened during the preceding 10 years:
    - a provision of the Act or the regulations made or continued under it, or
    - a term or condition of another dealer's license or of an import or export permit issued to the applicant under any regulations made or continued under the Act;
- The issuance, amendment or renewal of the license would likely create a risk to public health, safety or security, including the risk of a narcotic being diverted to an illicit market or use;
- The individual in charge of the premises, the proposed qualified person in charge or, if applicable, the proposed alternate qualified person in charge has been convicted, as an adult, within the preceding 10 years, of:
    - a designated drug offence,
    - a designated criminal offence, or
    - an offence committed outside Canada that, if committed in Canada, would have constituted an offence referred to above;
- The proposed method referred to above is not capable of recording narcotic transactions as required under section 15 of the Narcotic Control Regulations or of permitting the Minister to audit the applicant's activities with respect to narcotics in a timely manner; or
- The additional information required under section 9.1 of the Narcotic Control Regulations has not been provided or is insufficient to process the application.

Unless it is necessary to do so to protect public health, safety or security, including preventing a narcotic from being diverted to an illicit market or use, the Minister shall not refuse to issue, renew or amend a license under paragraph (1)(c) or (g) of the Narcotic Control Regulations if the applicant:

- Does not have a history of non-compliance with the Act or any regulation made or continued under it; and
- Has carried out, or signed an undertaking to carry out, the necessary corrective measures to ensure compliance with the Act, these Regulations and the Marihuana for Medical Purposes Regulations.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

Statements contained in this MD&A that are not historical facts are forward-looking statements (within the meaning of the Canadian securities legislation and the U.S. Private Securities Litigation Reform Act of 1995) that involve risks and

uncertainties. Forward-looking statements are frequently, but not always, identified by words such as "expects", "anticipates", "believes", "intends", "estimates", "potential", "possible" or variations of such words and phrases or the negative connotation thereof, or statements that events, conditions or results "will", "may", "could" or "should" occur or be achieved. The forward-looking statements may include statements regarding research and development, product development and budgets, market estimates, capital expenditures, timelines, strategic plans, market or industry growth, evaluation of the potential impact of future accounting changes, estimates concerning recovery of accounts receivable, share-based payments and carrying value of intangible assets or other statements that are not statements of fact. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company may differ materially from those reflected in forward-looking statements due to a variety of risks, uncertainties and other factors. Risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by the forward-looking statements include, without limitation,

- uncertainties involved in disputes and litigation;
- fluctuations in commodity prices and currency exchange rates;
- uncertainty of estimates of capital and operating costs, recovery rate, production estimates and economic return;
- the nature of research and development of bioceutical and nutraceutical products and the uncertain commercial viability of these products;
- the Company's lack of operating revenues;
- the ability to obtain additional financing to develop the intellectual property and uncertainty as to the availability and terms of future financing;
- governmental regulations and the ability to obtain necessary licenses;
- risks related to the Company's dependence on key personnel;
- uncertainty in meeting anticipated program milestones;
- estimates used in the Company's financial statements proving to be incorrect; and
- other risks and uncertainties disclosed in other information released by the Company from time to time and filed with the appropriate regulatory agencies.

This is not an exhaustive list of the factors that may affect the Company's forward-looking statements. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the forward-looking statements. The Company's forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made, and the Company does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change except as required by law. For the reasons set forth above, investors should not place undue reliance on forward-looking statements. Important factors that could cause actual results to differ materially from the Company's expectations include uncertainties relating to disputes; fluctuations in commodity prices and foreign currency exchange rates; uncertainty of estimates of capital and operating costs, recovery rate, production estimates and economic return; sales estimates, the nature of research and development of bioceutical and nutraceutical products and the uncertain commercial viability of these products; the Company's lack of operating revenues; the ability to obtain additional financing to develop the intellectual property and uncertainty as to the availability and terms of future financing; governmental regulations and the ability to obtain necessary licenses; risks related to the Company's dependence on key personnel; uncertainty in meeting anticipated program milestones; estimates used in the Company's financial statements proving to be incorrect; and other risks and uncertainties disclosed in other information released by the Company from time to time and filed with the appropriate regulatory agencies.

It is the Company's policies that all forward-looking statements are based on the Company's beliefs and assumptions which are based on information available at the time these assumptions are made. The forward looking statements contained herein are based on information available as at February 26, 2016 and are subject to change after this date. The Company

assumes no obligation and has no policy for updating or revising forward looking information or statements to reflect new events or circumstances, except as may be required under applicable securities laws. Although management believes that the expectations represented by such forward-looking information or statements are reasonable, there is significant risk that the forward-looking information or statements may not be achieved, and the underlying assumptions thereto will not prove to be accurate. Actual results or events could differ materially from the plans, intentions and expectations expressed or implied in any forward-looking information or statements, including the underlying assumptions thereto, as a result of numerous risks, uncertainties and other factors such as those described above and discussed under "Risks and Uncertainties". Forward-looking information or statements in this MD&A include, but are not limited to, potential value of the intellectual properties and satisfactory resolution of the Company's liabilities and contingent liabilities.