SCYTHIAN BIOSCIENCES CORP.

(Formerly Kitrinor Metals Inc.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED MARCH 31, 2018, 2017 and 2016

Introduction

The following management discussion and analysis ("MD&A") is a review of operations, current financial position and outlook for Scythian Biosciences Corp. (the "Company" or "Scythian") for the years ended March 31, 2018, 2017 and 2016, including other pertinent events subsequent to that date up to and including July 27, 2018. The following information should be read in conjunction with the audited consolidated financial statements for the year ended March 31, 2018, 2017 and 2016. Amounts are reported in Canadian dollars unless otherwise indicated.

The common shares of the Company are listed on the TSX Venture Exchange under the symbol "SCYB", the OTC - Nasdaq Intl under the symbol "SCCYF", and on the Frankfurt Exchange under the symbol "9SB".

This MD&A provides managements view of the financial condition of the Company and the results of its operations for the reporting periods indicated. Additional information related to Scythian is available as filed on the Canadian Securities Administrators' website at www.sedar.com.

Forward-Looking Statements

This MD&A contains forward-looking information and statements ("forward-looking statements") which reflects the current expectations of the management of Scythian, as applicable, regarding Scythian's future growth, results of operations, performance and business prospects and opportunities. Wherever possible, words such as "may", "would", "could", "will", "anticipate", "believe", "plan", "expect", "intend", "estimate" and similar expressions have been used to identify these forward-looking statements. These statements reflect management's current beliefs with respect to future events and are based on information currently available to management. Forward-looking statements involve significant risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, without limitation, those listed in the "Risk Factors" section of this MD&A. Should one or more of these risks or uncertainties materialize,

or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance or achievements may vary materially from those expressed or implied by the forward-looking statements contained in this MD&A. These factors should be considered carefully and readers should not place undue reliance on the forward-looking statements. Although the forward-looking statements contained in this MD&A are based upon what management currently believes to be reasonable assumptions, Scythian cannot assure that actual results, performance or achievements will be consistent with these forward-looking statements. The forward-looking statements contained in this MD&A have been based on expectations, factors and assumptions concerning future events which may prove to be inaccurate and are subject to numerous risks and uncertainties, certain of which are beyond Scythian's control, including without limitation: performance of the Company's business and operations; intention to grow the business and the operations of the Company; competitive conditions of the biopharmaceutical and marijuana industry; uncertainties of the results of trials conducted on animals; uncertainties of the results of human trials based on the results of research conducted on animals; uncertainties of developing products for human use; uncertainties of receiving approval by appropriate governing agencies for marketing; uncertainties related to the grant, renewal and impact of any license to conduct activities with marijuana; uncertainties for approval to market and manufacture the developed products; volatility in the demand for products; competition for, among other things, market share; pricing competition for products; inability to secure licensing under the *Access to Cannabis for Medical Purposes Regulations* (the "ACMPR"); changes in laws, regulations and guidelines relating to Scythian's business; any commentary related to the legalization of marijuana and the timing related thereto; liabilities inherent in marijuana development operations; the growth of the Cannabinoid therapeutic market; uncertainties associated with protection and commercialization of intellectual property; financing risks; global economic events or conditions; fluctuations in foreign exchange or interest rates; and other factors, many of which are beyond the control of Scythian. Scythian assumes no responsibility to update forward looking statements, other than as may be required by applicable securities laws. The factors identified above are not intended to represent a complete list of the factors that could affect Scythian.

Business Overview

Scythian is an international cannabis company with a focus on the world's leading markets outside of Canada. Its fast tracked growth has come through a number of strategic investments and regional partnerships in cultivation, distribution and branded products across Europe, United States, South America and the Caribbean. These significant endeavors complement the company's R&D partnerships with some of the world's leading universities. It is this comprehensive approach that is positioning Scythian as a future global frontrunner in the medical cannabis industry. On June 5, 2018, the Company announced that it would change its name to SOL Global Investments Corp., to better portray its go-forward business plan. The change in name will be included at the next meeting of shareholders.

Acquisitions

On March 11, 2018, the Company signed a non-binding letter of intent to acquire 100% of MMJ International Inc. ("MMJII") in exchange for 6,176,320 common shares of the Company. MMJII owns 100% of ABP S.A., an Argentina based pharmaceutical import and distribution company. On May 11, 2018, the Company signed a business combination agreement. The closing of the acquisition remains subject to TSXV approval and other closing conditions.

On March 21, 2018, the Company signed a binding letter of intent to acquire a 100% interest in Marigold Acquisitions Inc. ("MAI") in exchange for 6,000,000 common shares of the Company. MAI owns through a holding company, a 49% interest in Marigold Projects Jamaica Ltd. ("Marigold"), a Jamaican company with conditional licenses to cultivate, process, sell and provide therapeutic or spa services utilizing cannabis products. The closing of the acquisition remains subject to the signing of a final business combination agreement as well as TSXV approval and other closing conditions.

On April 9, 2018, the Company signed a binding letter of intent to acquire 100% of MMJ Colombia Partners Inc. ("MMJ Colombia"). MMJ Colombia owns the right to acquire 90% of Colcanna SAS ("Colcanna"), a company that has applied for licenses to cultivate, produce, research and export medical cannabis CBD and THC in Colombia. The Company has agreed to acquire MMJ Colombia for:

- Advancing US$1,200,000 of the purchase price in cash upon receipt by Colcanna of the final cannabis licenses;
- issue on the closing date CDN$32,000,000 of common shares in the capital of Scythian (the "Common Shares") at an issue price equal to the volume weighted average price of the Common Shares over the 20 trading days prior to the closing date of the Acquisition, provided that no less than 1,570,000 Common Shares will be issued as share consideration;
- issue on the closing date US$5,000,000 of non-interest bearing, unsecured promissory notes for the following principal amounts due on the following dates:
    - US$2,000,000, due on June 30, 2018;
    - US$2,000,000, due on September 30, 2018;
    - US$500,000, due on December 30, 2018; and
    - US$500,000, due on March 19, 2019.

The promissory notes may be repaid by way of cash or Common Shares at the option of Scythian.

The closing of the acquisition remains subject to the signing of a final business combination agreement as well as TSXV approval and other closing conditions.

On July 20, 2018, the Company signed a binding letter of intent with Brazil Investments Inc. ("Brazil Investments"). Brazil Investments owns the right to acquire a 100% interest in Green Farma Brasil. Under the terms of the letter of intent, the Company shall issue $2,400,000 of common shares at a 20 day volume weighted average price immediately prior to closing date in exchange for:

- 15% of the issued and outstanding shares of Brazil Investments;
- drag along rights, at Scythian's sole discretion, such that Scythian may sell up to 50.1% of the shares of Brazil at a pre-agreed valuation, under which all shareholders of Brazil Investments shall sell a pro-rata portion of their shares to fulfil the 50.1% requirement; and
- a right of first refusal to acquire the remaining 49.9% of Brazil Investments.

The closing of the acquisition remains subject to the signing of a final business combination agreement as well as TSXV approval and other closing conditions.

Dispositions

On July 17, 2018, the Company sign a definitive share purchase agreement with Aphria, under which it would sell a wholly own subsidiary LATAM Holdings Inc. ("Latam") to Aphria Inc. ("Aphria") in exchange for $193,000,000 of common shares at a price of 12.31 per share for a total of 15,678,310 common shares. Latam was incorporated subsequent to year end. Prior to the closing, Scythian will complete its acquisitions of MMJI, MAI and MMJ Colombia, all of which will become subsidiaries of Latam. Aphria will also assume USD$1 million in aggregate liabilities owing to Scythian from MMJI, MAI and MMJ Colombia.

The substantial liquidity provided by the Transaction will enable additional potential transactions that underpin Scythian's strategic transformation towards enhancing its global cannabis foundation.

The Company had a wholly owned subsidiary, Go Green B.C. Medicinal Marijuana Ltd. ("Go Green"), which was in the process of applying to Health Canada to become a Licensed Producer under the ACMPR. On November 29, 2017, the Company completed the sale of Go Green. In exchange for all of the issued and outstanding shares of Go Green, the Company received $200,000, with $100,000 paid at closing, and an additional $50,000 payable on each of the 90 and 180 day anniversaries from the closing. In addition to the cash payment, 108,000 common shares of the Company were also returned for cancellation. The Company incurred a loss of $234,675 as a result of this disposition and was presented as discontinued operations on the financial statements.

Corporate Developments and Highlights

On February 22, 2018, the Company rang the closing bell at the Nasdaq Stock Market, to mark the Company's admission into the Nasdaq International Designation under the symbol OTC – Nasdaq Intl Designation: SCCYF. The Company expects to become listed on the Nasdaq Capital Market upon receipt of its DTC Eligibility.

Financings

On February 13, 2018, the Company announced that it closed its bought deal offering, including the full exercise of the underwriter's over-allotment option (the "Offering"). The Company also announced the closing of its previously announced concurrent brokered private placement offering (the "Private Placement"), including the full exercise of the underwriter's over-allotment option. The Company sold a total of 3,091,772 units (each, a "Unit") of its securities at a purchase price of $4.65 per Unit for total gross proceeds of $14,376,740 under each of the Offering and the Private Placement, for total gross proceeds of $28,753,480. Each Unit consists of one common share and one common share purchase warrant exercisable for a period of 24 months from the closing date at an exercise price of $5.50 per Unit. As part of the Private Placement Financing, Aphria Inc. (TSX:APH) subscribed for 2,688,500Units of the Company.

In March 2017, the Company issued subscription receipts at $8.00 per subscription receipt for gross proceeds of $13,285,000 pursuant to a private placement. Subsequently, the subscription receipts were converted into shares of common stock on a one for one basis.

During ended March 2017, the Company also completed a private placement financing raising gross proceeds of $2,965,945 by issuing 1,482,972 common shares at $2.00.

Management, Board and Advisors

On April 25, 2018, Rob Reid was appointed CEO of the Company and Roger Rai rejoined the board of directors. Renah Persofsky and Vic Neufeld resigned from the board, while Mr. Gilbert stepped down as CEO, but remained on the board of directors.

On March 7, 2018, at the Company's special meeting, Renah Persofsky and Rob Reid joined the board of directors, and Roger Rai and Gary Leong resigned from its board of directors.

On February 15, 2018, the Company appointed Professor Michael Barnes as its Chief Medical Officer.

On January 15, 2018, the Company announced the appointment of Vic Neufeld, CEO of Aphria Inc. (TSX: APH), and George Scorsis, CEO of Liberty Health Sciences Inc. (CSE: LHS) to the board of directors. The Company also announced Renah Perofsky joined its advisory board and that Peter Benz and Michael Petter had resigned from its board of directors.

On December 11, 2017, the Company announced the addition of Ottis Jerome Anderson to its Pro Athlete Advisory Committee.

Research Update

The research is in the pre-clinical studies phase, and the Company's Combination Therapy is undergoing animal testing. Under the terms of the R&D Agreement, the fees owing to the University are paid on an agreed schedule, which is coordinated to correspond to different phases of the project research.

The work performed by Miami through December 31, 2017, includes, generally: preparation and finalization of research plans (for preclinical and clinical research phases of project); start Internal Review Board process and obtain animal study approvals; review drug regulations for State and federal licensing; initiate licensing application (and obtain approval) for Schedule 1 drug handling; review and understand Combination Therapy drug components; build project infrastructure, equipment purchases and move to new space; begin hiring of new staff for project; review safety issues with the study; start research review of previous work in the field; visit other labs and experts in Israel at Hebrew University; order compounds for Combination Therapy; begin training of team members; administrative set up including team meetings, organizational activity and budgeting; set up reporting systems; meetings with Scythian regarding project; analyze dosing and drug administration methodology; ran certain control animals to work out hearing testing after blunt head injury; receive first supply of drug product.

As of June 30, 2018, the Miami team had completed their pre-clinical studies with Fluid Percussion Model and announced encouraging data for improvement in cognitive test in animals with the Combination Therapy relative to animals that were given vehicle or individual components of our Combination Therapy. During these experiments they did not observe any adverse effects from either the Combination Therapy or its individual components. The Miami team is currently in the midst of experiments with the Blast model of mild traumatic brain injury with data expected during the Q3 2018. Additional pre-clinical experiments will be designed upon complete analyses of data from these two models.

Under the R&D Agreement, the Company currently owes the University an aggregate of US$1,553,750 in fees for research and development activities.

Reverse Takeover Transaction

On June 6, 2017, the Scythian Biosciences Inc. entered into a Business Combination Agreement with Kitrinor Metals Inc. ("Kitrinor"), a public company whose shares trade on the TSX Venture Exchange ("TSXV") and 10188760 Canada Inc., a wholly owned subsidiary of Kitrinor incorporated for the purposes of the Business Combination Agreement ("Subco"), pursuant to which the Scythian Biosciences Inc. amalgamated with Kitrinor by way of a three-cornered amalgamation under the federal laws of Canada (the "Transaction"). The Transaction constituted a reverse takeover of Kitrinor by the Scythian Biosciences Inc. and the business of the resulting merged entities (the "Reporting Issuer") became the business of the Scythian Biosciences Inc. The transaction was completed on August 1, 2017, and Kitrinor was renamed to Scythian Biosciences Corp. On August 8, 2017, the Company started trading on the TSXV under the symbol SCYB.

Effective August 1, 2017, and in connection with the Transaction, the Scythian Biosciences Inc. effected a reverse stock split on the basis of 1:80. As such, all shares of common stock issued and outstanding were decreased on the basis of one new share for each eighty old shares. Subsequent to period end, on April 13, 2018, the Company effected a stock split on the basis of 4:1, as such, all common shares issued and outstanding were increased on such basis. This MD&A and the accompanying consolidated financial statements give retroactive effect to such split and all share and per share amounts have been adjusted accordingly.

Details of the purchase price consideration and allocation are shown below:

Consideration paid				
Common shares	2,642,264	$	2.00	$ 5,284,528
Warrants	2,308,792	$	1.57	3,886,447
Options	42,700	$	0.00	-
Total Consideration	**4,993,756**			**$ 9,170,975**

Net Assets Acquired	
Cash	$ 379
Other receivables	11,816
Accounts payables and accrued liabilities	(78,508)
Due to Scythian	(88,310)
Net assets (liabilities) acquired	**(154,624)**
Listing Expense	**$ 9,325,599**

R&D Agreement and the Treatment of Traumatic Brain Injury

Scythian has a project underway that is the development of a proprietary cannabinoid-based combination drug therapy for the treatment of concussions and traumatic brain injury. In addition to this primary line of research and development, Scythian also may develop other potential cannabinoid and non-cannabinoid based pharmaceutical products, including one that is in development for treatment of gastro-inflammatory disease.

In order to advance the development of Scythian's proprietary treatment methodology, Scythian has established a relationship with the University of Miami's (the "University") "*UConcussion Treatment & Management Program*" (the "UConcussion Program"), a renowned center for research on brain and spinal cord injuries. Pursuant to a research agreement (the "R&D Agreement") dated July 25, 2016, and amended on February 10, 2017 and October 6, 2017, the UConcussion Program is conducting and coordinating the Company's research, including pre-clinical and clinical trials, to expand upon Scythian's current patent pending methodology in the treatment of concussions and traumatic brain injury.

Proprietary Methodology

On October 16, 2015, Scythian filed US Provisional Patent Application No. 62-242-457 Methods for Treating Traumatic Brain Injury. The pending patent application: PCT/US2016/057304 entitled Methods and Compositions for Treating Traumatic Brain Injury claims priority to U.S. Provisional Application Serial No. 62/242,457. The expected expiration date is October 17, 2036. The type of patent protection being sought is use and composition of matter. Jurisdictions will be limited to patent cooperation treaty ("PCT") member countries. The proprietary methodology forming the basis of Scythian's patent application utilizes a combination of two drugs to inhibit both inflammation and other aspects of the immune response in the brain that occur following a concussion or other traumatic brain injury (the "Combination Therapy"). This immune response and inflammation is a significant contributing cause of brain tissue damage following a head trauma. Scythian's patent application focuses on using two or more alternative therapies in combination in order to combat the injury resulting from such inflammation and the immune systems response.

More generally, a concussion causes injury and damage to the brain in three ways. First, the initial physical impact and the force exerted cause a direct impact to, and/or acceleration of, the brain resulting in direct brain tissue damage. Following the force of the initial impact, brain tissue begins to swell. The result of such inflammation is increased intracranial pressure due to the limited amount of space surrounding an individual's brain in the skull cavity. As the individual's brain expands with inflammation, the brain presses against the skull with increasing pressure and can cause extensive damage. Other components of the immune response trigger a cascade of chemical processes, including the release of cytokines and the infiltration of white blood cells (leukocytic and macrophage infiltration). Changes in calcium and potassium concentrations also disrupt cell function. Scythian's therapy is designed to disrupt or reduce the extent of these processes.

Scythian's treatment strategy has been to target multiple receptors on parallel pathways that each affect these immune processes. Scythian's patent proposes multiple drugs in each class as alternative treatments; however, the pre-clinical studies are focusing on two specific drugs. Scythian has not created new drugs but rather has found a way to apply several pre-existing drugs in a way not previously done before.

Proprietary Treatment Methodology

Scythian's provisional patent application utilizes a combination of approaches to inhibit both the inflammation and the immune system response to combat injury due to concussion or other traumatic impact. The patent application focuses on using two or more alternative therapies in combination, with the application covering several possible combinations of drugs. Although the patent covers multiple combinations, the research being conducted by the University of Miami will utilize an N-methyl-D-

aspartate ("NMDA") receptor antagonist plus a cannabinoid receptor type 2 CB2 receptor agonist as a combined drug regimen. Among other things, the activation or inhibition of these receptors affects the cannabinoid pathway to ultimately increase levels of Anandamide with a resulting decrease in 2-arachidonoyl glycerol ("2-AG"). The result of this chemical effect is to reduce inflammation and to inhibit gliosis (and the immune cascade).

There is a long history of the study of cannabinoids for use as anti-inflammatory agents, including in particular, Cannabidiol ("CBD"). Research on the use of delta-9-tetrahydrocannabinol ("THC"), CBD and other cannabinoids as a possible treatment for various inflammatory disorders has been ongoing for no less than 25 years. However, over the last 10-15 years, this research has picked up extensively.

In addition to the Combination Therapy, Scythian's patent application also covers an additional approach utilizing a Fatty Acid Amide Hydrolase inhibitor ("FAAH") to trigger a different chemical pathway to achieve regulation of Anandamide and 2-AG. FAAH inhibitors reduce the level of 2-AG through upregulation of Anandamide levels without acting on the CB2 receptor. Thus, the use of a FAAH inhibitor would create an anti-inflammatory effect through an alternate mechanism without binding or effecting the CB1 or CB2 receptors. This alternative approach remains an additional possible approach at a later point in the research program.

University of Miami Research Agreement

The research is being conducted at the University of Miami Miller School of Medicine, a leading institution in Traumatic Brain Injury and Concussion Treatment, Management, and Prevention. The primary investigator of the project, Professor of Neurological Surgery at the University, Gillian A. Hotz, PhD, is a leading expert in neurotrauma. She has been the Director of the UConcussion Program for the past twenty years, is part of the University of Miami's Health System Sports Medicine, and the KIDZ Neuroscience Center at The Miami Project to Cure Paralysis. Miami Project to Cure Paralysis is a leading spinal cord injury research center and a designated Center of Excellence at the University of Miami Miller School of Medicine. Dr. Hotz is nationally recognized as a behavioral neuroscientist and expert in pediatric, adult neurotrauma and concussion prevention and management. Dr. Hotz has put together a core team of leading experts at the University's in neuroscience, neurosurgery, neurology, neuropsychology, and injury prevention, including:

- **Dalton Dietrich, PhD** Scientific Director, The Miami Project to Cure Paralysis, Senior Associate Dean for Discovery Science, Professor of Neurological Surgery, Neurology, Biomedical Engineering and Cell Biology
- **Helen Bramlett, PhD** Professor of Neurological Surgery, The Miami Project to Cure Paralysis
- **Michael Hoffer, MD** Professor Otolaryngology and Neurotology
- **Bonnie Levin, PhD** Professor of Neurology and Director of the Division of Neuropsychology, Department of Neurology.
- **Tatiana Rundek, MD** Professor of Clinical Neurology
- **Steve Olvey, MD** Associate Professor of Clinical Neurology & Neurosurgery
- **Mohan Kottapally, MD** Assistant Professor of Clinical Neurology Neurocritical Care Division
- **Kester Nedd, DO** Associate Professor of Clinical Neurology

Pursuant to the R&D Agreement, the UConcussion Program has committed to conduct the pre-clinical and clinical research studies of Scythian, including any necessary animal or preliminary testing, clinical testing,

from inception through Phase 3 testing and to develop for commercial application, certain targeted therapeutics identified or otherwise contemplated by the agreement (the "Purpose"). Pursuant to the R&D Agreement Scythian has agreed to pay a 5% royalty of net profits from the commercialization, including licensing, or any inventions or discoveries made during the term of the agreement, as well as from the commercialization of the specific drug regimen being tested under the agreement and as set out in Scythian's patent. Any intellectual property developed during the course of the research program remains and/or becomes the property of Scythian.

The initial term of the agreement ends January 30, 2022, and may be extended. The agreement may be terminated by either party on 90 days' written notice upon an uncured material breach; upon the filing for creditor protection under the United States Bankruptcy Code or the appointment of a bankruptcy trustee or receiver; or, upon either party determining in its sole judgment that the Purpose of the agreement will not achieve a positive outcome.

Milestones

The Company currently has three major milestones:

1) The first milestone is the completion of the pre-clinical studies with an estimated cost of approximately US$3-4 million. Although the Company believes that the pre-clinical studies will take approximately 1 ½ to 2 years to complete, there is no fixed deadline for completing the pre-clinical stage as the outcome from the data and testing cannot be predicted. The pre-clinical studies are a series of tests using three different injury models. For each model of brain injury, the trials will compare the different compositions of the drug and will then also compare different dosage levels and timing on dose administration. As a result, there are numerous permutations that will need to be tested. The exact timing is not known since decisions about dose changes (to create a dose response curve) are made based upon the results of the previous round of testing. Once the complete packet of information is created, it will be sent to the FDA as part of the Company's application for an IND.

2) The second major milestone is filing of an Investigational New Application (IND) with the US FDA.

3) The third major milestone is the completion of the clinical studies with an estimated cost of US$11-15 million. The clinical studies will be comprised of two separate parts. The first part is the examination of patients to create a data map of the nature of the injury including the location and severity against different symptoms and measuring the physical changes that have occurred for each injury type. This will create a baseline against which to measure the success of the administration of the drug testing (once approved by the FDA) in human subjects. This part is estimated to cost approximately US$5-6 million. Once the IND is approved, the second part of the clinical studies will involve the administration of the drug (again, as compared against a control group to assess safety and efficacy and to ascertain the best dosage and timing for the drug administration. The second part is estimated to cost approximately US$6-9 million. The clinical testing will be done in phases, including Phase I, II and III.

Overall Phases of Research Program

The first phase of the program will focus on the pre-clinical studies, piloting phase of the proposed outcome measures, and the translational project, with the latter providing the transition from pre-clinical to the clinical study beginning in Year 3. Significant efforts will be directed towards narrowing and refining the most sensitive outcomes from domains shown to be, in varying degrees and combinations, significantly impacted in mild to moderate traumatic brain injury: cognitive, behavioral, psychosocial, sleep, pain, sensory/motor, cardiovascular, inflammatory biomarkers, and imaging parameters. During this phase, the program will seek to clarify and address methodological shortcomings in existing literature, design novel outcomes that circumvent these shortcomings, pilot the outcome measures on normal, and two groups of traumatic brain injury patients (acute and chronic), and propose a study methodology to begin in Year 3 to test the Combination Therapy product. A significant target for year two of the study is to carry out the translational component of the study which will require a close collaboration between preclinical and clinical investigators, with the goal of gathering critical data in the piloting phase in order to inform and insure direct application from the experimental studies to the fully powered clinical trial beginning in Year 3 of the study. The Company estimates that US$3-4 million will be advanced to the University in order to complete the pre-clinical trials.

Due to delays in procuring necessary drug components, the research is effectively in the first year of pre-clinical studies, and the Combination Therapy is undergoing animal testing. The pre-clinical testing was expected to have commenced no later than the third quarter of 2017, but did not begin to materially advance until the first quarter of 2018. The University research team has undertaken to accelerate the rate of testing of animal subjects than currently in the project plans. This is expected to return the project to its planned schedule with initial pre-clinical data being received by the end of the first quarter of 2018, with more detailed data to be received during the second and third quarters of 2018.

Notwithstanding that the clinical studies, which involve experimental human testing of the Combination Therapy, do not commence until after the conclusion of the pre-clinical trials, preliminary aspects of the clinical studies have already begun. One such key aspect that has begun is the development of a large database mapping the expression of symptoms in patients with traumatic brain injuries. As a traumatic brain injury is not a homogeneous injury, the symptoms and expressions of the injury vary widely between patients based on the location and severity of the head impact, the parts of the brain involved and the cause of the injury itself. To properly measure the efficacy of the Combination Therapy, the University is creating a database mapping the injury types to the frequency and severity of different symptoms, as well as measurable biological changes in the brain tissue. This portion of the project is moving forward at the same time as the pre-clinical study and accounts for approximately US$5-6 million that will be advanced to the University over the next 17 months ending July 1, 2019.

Under the R&D Agreement with the University, the pre-clinical trials are expected to be completed in approximately 1 ½ to 2 years (the time may vary based upon the success of the specific test trials). Clinical trials are expected to take approximately 3 years to complete following the end of the pre-clinical trials, although certain preliminary work has already commenced on the clinical trials.

The pre-clinical and clinical studies do not have fixed periods. A series of experiments comprise the various tests, with later tests being modified based upon the data obtained from earlier tests. The pre-clinical trials, clinical trials and accompanying methodologies are expected to be continually refined based on actual test results and on data received during the term of the R&D Agreement. All pre-clinical trials must

be completed to obtain adequate data for filing an IND with the FDA. Clinical trials must be completed to obtain adequate data for an application to the FDA for a new drug application (NDA).

As with any research project, the timeline and costs expended cannot be guaranteed, and the Company will continuously assess expenditures in light of the status of the project to ensure that funds are being applied appropriately. It should also be noted that because of the nature of the project, there will be some overlap between the pre-clinical and clinical phases. It should also be noted that, the funding schedule does not always correspond with the cost incurred and at points in time, the Company may have pre-paid amounts with or payables to the University.

At the conclusion of the pre-clinical phase, the Company intends to submit an IND to the FDA which, if approved, would permit the Company to begin human testing. Depending upon the results of the pre-clinical studies and the data collected, the FDA could approve the IND or it could reject the IND application. Additionally, certain outside laboratory testing will be required regarding the pharmacokinetics and other metabolic characteristics of the Combination Therapy prior to submission of the IND.

In the event that the IND is approved, the Company will commence the clinical trial phase of the testing, which will include testing on human subjects. This testing process if broken into various phases, with the first phase, Phase 1, focusing on safety; with Phase 2 and 3 thereafter focusing on efficacy issues. Securing final regulatory approval for the manufacture and sale of human therapeutic products in the U.S., Europe, Canada and other commercial territories, is a long and costly process that is controlled by that particular territory's national regulatory agency. The national regulatory agency in the United States is the FDA, in Canada it is Health Canada and in Europe it is the European Medicines Agency, or EMA. Other national regulatory agencies have similar regulatory approval processes, but each national regulatory agency has its own approval processes. Approval in U.S., Canada or Europe does not assure approval by other national regulatory agencies, although often test results from one country may be used in applications for regulatory approval in another country.

In the U.S., the FDA is responsible for the drug approval process. The FDA's mission is to protect human health by ensuring that all medications on the market are safe and effective. The FDA's approval process examines potential drugs and only those that meet strict requirements are approved.

The U.S. Food and Drug Regulations require licensing of manufacturing facilities, carefully controlled research and testing of products, governmental review and approval of test results prior to marketing of therapeutic products, and adherence to good manufacturing practices. The drug approval process begins with the discovery of a potential drug. Pharmaceutical companies then test the drug extensively through a multi-stage process.

Selected Quarterly Financial Information

For the three month periods ended:

	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016
	$	$	$	$	$	$	$	$
Total revenue	-	-	-	-	-	-	-	-
Net loss	(7,821,972)	(4,442,235)	(12,520,884)	(1,146,295)	(1,315,402)	(735,766)	(461,458)	(463,439)
Loss per share, basic and fully diluted	(0.59)	(0.21)	(0.70)	(0.10)	(0.19)	(0.41)	(0.26)	(0.26)
Total assets	35,103,721	10,027,863	11,979,691	13,631,290	2,732,335	869,700	921,814	1,030,135
Long-term liabilities	-	-	-	-	-	-	-	-
Working capital (deficiency)[1]	33,281,139	9,747,910	11,055,826	12,074,173	41,336	(1,011,448)	(1,050,482)	(757,244)
Dividends	-	-	-	-	-	-	-	-

(1) Working capital (deficiency) excludes deferred share unit liabilities

Comments on the significant variations of results from continuing and discontinued operations for the years ended March 31, 2018 and 2017:

	Years Ended March 31, 2018	March 31, 2017	March 31, 2016
	$	$	$
Research and development	3,137,653	1,038,020	-
Salaries and wages	7,253,931	1,098,941	1,932,883
Professional fees	1,066,855	318,608	390,687
Consulting	1,216,461	175,663	454,554
Advertising and public relations	742,280	8,568	9,457
Office and general	303,354	34,130	52,334
Travel	181,977	20,433	41,836
Depreciation	136,007	217,818	172,500
Foreign exchange loss (gain)	27,770	14,605	(4,917)
Total operating costs	14,066,288	2,926,786	3,049,334
Net loss and comprehensive loss	(25,931,386)	(2,976,064)	(3,058,535)

Operating costs totaled $14,066,288 for the year ended March 31, 2018, compared to $2,926,786 for the year ended March 31, 2017, an increase of $11,139,502. The key reasons for the increase was due to significant increases in research and development, salaries and wages, professional fees, consulting fees and advertising and public relations.

In July 2016, the Company signed a collaborative research agreement with the University of Miami, and has since been funding research costs related to the Combination Therapy. This led to an increase during the year ended March 31, 2018, in research and development costs by $2,099,633 compared to the prior year as the research continues to ramp up.

During the year ended March 31, 2018, the Company incurred an increase in salaries and wages of $6,154,990. The main reason for this increase related to the issuance of deferred share units to officers and directors, which resulted in compensation during the year ended March 31, 2018 of $4,593,363 (2017 - $Nil). The increase in salaries and wages is also attributed to the issuance of stock options, as during the

year ended March 31, 2018, the Company recorded $1,594,071 (2017 - $Nil) in salaries and wages related to these issuances.

The Company also experienced increases in professional fees, consulting, and advertising and public relations. These increases are all associated with the completion of a go-public transaction, recent transactions, as well as additional costs related to maintaining a public listing. The Company incurred professional fees of $494,936 directly related to the acquisitions of MMJI, MAI, and MMJ Colombia. During the year ended March 31, 2018, the Company engaged with investor relations professionals as it sought to publicize the Company post its listing, as well as business development activities.

The Company incurred a net loss and comprehensive loss for the year ended March 31, 2018 of $25,931,386, (2016 - $2,976,064). The net loss and comprehensive loss included non-operating costs for the year ended March 31, 2018 of $11,865,098, (2017 – $49,278). The largest component of the increase year over year relates to one time listing costs of $9,990,840.

The other significant component of non-operating costs for the year ended March 31, 2018 was a change in fair value of deferred share units of $1,780,637 (2017 - $Nil). The change in fair value of deferred share units will vary period over period, based on the changes that occur in the share price. The Company also had a loss on disposition of subsidiary of $234,675, for the disposition of Go Green, which was reported as a discontinued operation. As a result of the disposition, the Company will no longer be recognizing any depreciation as all plant and equipment were disposed of.

Comments on the significant variations of results from continuing and discontinued operations for the three months ended March 31, 2018 and 2017:

	Three Month Periods Ended		
	March 31, 2018	**March 31, 2017**	**March 31, 2016**
	$	$	$
Research and development	891,226	581,720	-
Salaries and wages	4,674,173	305,481	549,928
Professional fees	738,708	251,978	37,654
Consulting	849,211	31,422	108,421
Advertising and public relations	169,776	2,039	2,063
Office and general	243,213	9,343	6,618
Travel	128,826	9,102	13,377
Depreciation	-	54,455	57,500
Foreign exchange loss (gain)	(29,322)	10,335	2,257
Total operating costs	7,665,811	1,255,875	777,818
Net loss and comprehensive loss	(7,821,972)	(1,315,402)	(813,791)

Operating costs totaled $7,655,811for the three months ended March 31, 2018 compared to $1,255,875 for the three months ended March 31, 2017, an increase of $6,409,936. The key reasons for the increase was due to significant increases in salaries and wages, professional fees, consulting fees, and advertising and public relations.

During the three month ended March 31, 2018, the Company incurred an increase in salaries and wages of $4,368,692. The main reason for this increase related to the issuance of deferred share units to officers and directors, which resulted in compensation during the three month ended March 31, 2018 of

$2,956,800 (2017 - $Nil). The increase in salaries and wages is also attributed to the issuance of stock options, as during the three month ended March 31, 2018, the Company recorded $1,215,443 (2016 - $235,413) in salaries and wages related to these issuances.

The Company also experienced increases in professional fees, consulting, and advertising and public relations. These increases relate to the professional and consulting expenses incurred in order to acquire MMJII, MAI, and MMJ Colombia.

Liquidity and Capital Resources

As of March 31, 2018, the Company had cash and cash equivalents and short-term investments of $32,164,233 (March 31, 2017 - $1,090,767) and working capital, excluding deferred share unit liabilities, of $33,281,139 (March 31, 2017 - $41,366). The Company has a history of operating losses and of negative cash flows from operations. The Company will remain reliant on capital markets for future funding to meet its ongoing obligations.

In November, 2016, the Company borrowed $345,000 through the issuance of short-term promissory notes payable, due in February, 2017, in order to make a payment on the R&D Agreement while the Company worked on a financing. In February, 2017, the Company extended the due date of the promissory notes to May 31, 2017. The loans were repaid in March, 2017 upon completion of a financing.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on the Company's ability to receive continued financial support from its stakeholders and, ultimately, on the Company's ability to generate continued profitable operations. Management is of the opinion that sufficient working capital is available from its financings to meet the Company's liabilities and commitments as they come due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

The application of the going concern concept is dependent on the Company's ability to receive continued financial support from its stakeholders and, ultimately, on the Company's ability to generate profitable operations. Management is of the opinion that it has sufficient working capital is available to meet the Company's liabilities and commitments as they come due for the next twelve months. These consolidated financial statements do not reflect any adjustments or reclassifications of assets and liabilities, which would be necessary if the Company were unable to continue as a going concern.

Share Capital Structure

The Company has authorized an unlimited number of common shares without par value, and an unlimited number of non-voting, non-participating, non-cumulative preferred shares without par value, redeemable at the option of the Company or the holder. As at July 25, 2018, the Company's issued and outstanding shares, stock options and warrants are as follows:

	July 25, 2018
Common shares	29,583,588
Warrants	8,679,360
Warrants – double dilution(1)	432,848
Stock options	1,812,236
Deferred share units	689,313
Total fully diluted – prior to the acquisition of MAI, MMJ Colombia and MMJII	41,197,345
Shares to be issued related to the acquisition of MAI	6,000,000
Shares to be issued related to the acquisition of MMJII	6,176,320
Estimated shares to be issued related to the acquisition of MMJ Colombia(2)	8,000,000
Total fully diluted	61,373,665

(1) 108,212 of the warrants convert into units, with each unit consisting of one common share and on warrant.

(2) In consideration for the acquisition, Scythian will issue, on the closing date, CDN$32,000,000 of Common Shares at an issue price equal to the volume weighted average price of the Common Shares over the 20 trading days prior to the closing date of the acquisition, provided that no less than 6,280,000 Common Shares will be issued as share consideration. Number of shares based on $4.00 share price.

Research and Development Agreements and Commitments

On July 25, 2016, the Company entered into a collaborative research agreement, and amended on February 10, 2017, and October 6, 2017, (the "Agreement") with the University of Miami (the "University"). The University has agreed to assist the Company with the research, development and preclinical and clinical trials research studies.

The obligation of the University to commence and continue the project is contingent upon the Company making payments to the University. The Company has made the following payments to date.

- 1st payment: US$250,000 paid on November 28, 2016;
- 2nd payment: US$175,000 paid on February 1, 2017;
- 3rd payment: US$1,000,000 paid on March 27, 2017;
- 4th payment: US$1,000,000 paid on August 7, 2017;
- 5th payment: US$1,100,000 paid on February 12, 2018; and
- 6th payment: US$900,000 paid on March 14, 2018;

Under the Agreement, the Company is to pay US$1,000,000 on a quarterly basis with payments being due on October 1, 2017 and every subsequent quarter until July 1, 2021, on which the last payment is due. Every fourth quarter shall include an additional payment of US$553,750. Institution overhead of 29% is included within all payments. Total amount of funding, inclusive of University's overhead is US$20,640,000. As of the date of this MD&A, the Company has not paid the payment of US$1,553,750 that was due on July 1, 2018.

Contractual Obligations

The below table presents a listing of the contractual obligations of the Company.

Contractual Obligations	Payments due by period ($)				
	Total	Less than 1 Year	1 to 3 Years	4 to 5 Years	More than 5 Years
Long-Term Debt Obligations	-	-	-	-	-
Capital (Finance) Lease Obligations	-	-	-	-	-
Operating Lease Obligations	-	-	-	-	-
Purchase Obligations[(1)]	$20,778,681	$5,742,665	$15,036,016	-	-
Other Long-Term Liabilities Reflected on our Balance Sheet	-	-	-	-	-
Total	$20,778,681	$5,742,665	$15,036,016	-	-

(1) All amounts relate to the Agreement with the University of Miami and are denominated in US dollars. US dollars have been translated into Canadian dollars at an exchange rate of 1.2894 as at March 31, 2018.

Off-Balance Sheet Arrangements

Pursuant to the Agreement with the University of Miami, the Company has agreed to pay a 5% royalty of net profits from the commercialization, including licensing, or any inventions or discoveries made during the term of the agreement, as well as from the commercialization of the specific drug regime being tested under the agreement as set out in Scythian's patent. Any intellectual property developed during the course of the testing program remains and/or becomes the property of Scythian.

The Company has no other off-balance sheet arrangements.

Related Party Transactions

All related party transactions are carried out in the normal course of operations and are recorded at fair value, unless otherwise noted herein. The Company has identified its officers as its key management personnel.

Balances

At March 31, 2018, included in accounts payable and accrued liabilities is an amount of $Nil (March 31, 2017 - $1,395,150; 2016 - $584,888) owing to directors and officers of the Company in respect of unpaid salaries and benefits, directors' fees, and reimbursable expenses. Any amounts owed to related parties are unsecured, non-interest bearing, and are payable on demand.

Transactions

The Company incurred charges with directors and officers of the Company or with companies with directors or officers in common with the Company during the year ended March 31, 2018, 2017, and 2016, all of which is included in salaries and wages on the consolidated statements of loss and comprehensive loss as follows:

	Year ended March 31,		
	2018	**2017**	**2016**
Salaries and wages	$ 652,711	$ 999,761	$ 1,176,747
Consulting fees	7,500	-	-
Share-based payments	6,069,519	-	1,070,800
	$ 6,729,730	**$ 999,761**	**$ 2,247,547**

During the year ended March 31, 2018, the Company issued an aggregate of 50,000 common shares of the Company, and paid $45,000 in cash, to settle an aggregate of $964,245 in accrued and unpaid salaries and wages and benefits due to two former directors and officers of the Company. The shares issued were recorded at their fair value of $100,000, or $2.00 per share, which value was determined with reference to the price at which shares were being sold to arm's length parties on or around the transaction date. The remaining $819,245 difference between the carrying value of the amounts settled and the fair value of consideration transferred of $145,000 was recorded as a contribution to equity.

During the year ended March 31, 2018, two directors and officers of the Company forgave an aggregate of $669,388 in accrued salaries, wages and allowances owed to the directors and officers. The amount forgiven was recorded as a contribution to equity.

Use of Proceeds

As part of the reverse takeover transaction, the Company presented a use of proceeds in its filing statement dated June 30, 2017. The Company subsequently revised the planned use of proceeds upon the disposition of Go Green. On February 13, 2018, the Company also completed a financing, resulting in additional proceeds allocated. The following table presents the key allocations of the use of proceeds as well as the remaining funds allocated.

	Remaining Funds as at December 31, 2017 (1)	**Additional Funds as per Financing (2)**	**Reallocation (3)**	**Use of Funds through March 31, 2018**	**Remaining Funds Allocated**
Research and Development	8,566,802	13,292,711	(14,968,287)	891,226	6,000,000
General, administrative and operating	1,380,080	2,800,000	6,968,287	2,058,188	9,090,179
Acquisitions and transaction costs	-	8,000,000	8,000,000	2,717	15,997,283
TOTAL	**9,946,882**	**24,092,711**	**-**	**2,952,131**	**31,087,462**

(1) Based on MD&A as at December 31, 2017, Go-Green Operations have been removed and included in General and Administrative Costs

(2) Financing completed on February 23, 2018, as share issuance costs were greater than expected, allocation to Research and development has been reduced accordingly

(3) As the Company has adjusted its business plan subsequent to year-end, funds have been reallocated reducing the allocation to research and development as the Company continues to focus on other acquisitions and international expansion in the cannabis industry.
(4) All numbers excludes non-monetary transactions.

Critical Accounting Estimates

The preparation of the condensed consolidated interim financial statements requires management to make judgements and estimates that affect the reported amounts of assets and liabilities at the date of the condensed consolidated interim financial statements and reported amounts of expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to: useful lives of plant and equipment, impairment of non-financial assets, valuation of common shares and share purchase option valuations.

Changes in Accounting Policies

Management anticipates that all of the pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's consolidated financial statements is provided below. Certain other new standards and interpretations have been issued, but are not expected to have an impact on the Company's consolidated financial statements.

Future Changes in Accounting Policies

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments ("IFRS 9") which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. The adoption of IFRS 9 by the Company on April 1, 2018, has had no impact on the classification and measurement of the Company's financial assets and liabilities.

IFRS 16 Leases

In January 2016, the IASB issued IFRS 16 Leases ("IFRS 16") which replaces IAS 17, Leases and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant

changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to the current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted for entities that apply IFRS 15. The adoption of IFRS 16 is not expected to have an impact on the classification and measurement of the Company's financial instruments, when adopted in 2019.

Financial Instruments

As at March 31, 2018, the Company's financial instruments consist of cash and cash equivalents, other receivable, accounts payable and accrued liabilities and deferred share unit liabilities. The Company's financial instruments, consisting of cash and cash equivalents, other receivables and accounts payable and accrued liabilities approximate fair value due to the short-term maturity of these instruments. Deferred share unit liabilities are measured using the fair value of the underlying shares of the Company's stock based on market price in a liquid market.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. From time to time, the Company holds financial instruments that are denominated in a currency other than the Canadian dollar. At March 31, 2018, the Company held financial assets of $621,508 (March 31, 2017 - $886,969) denominated in US dollars and had research and development commitments denominated in US Dollars. During the year ended March 31, 2018, the Company recognized foreign currency exchange loss of $27,770 (2017 – loss of $14,605) relating to currency fluctuations between the Canadian and US dollars.

Market

Scythian expects the cannabinoid therapeutics market will grow significantly in the coming years due to softening public and political views toward the use of medical marijuana and the potential benefits Cannabinoid products may provide over existing therapies. Interest in Cannabinoid therapeutics has increased over the past several years as pre-clinical and clinical data has emerged highlighting the potential efficacy and safety benefits of cannabinoid therapeutics. Studies have been conducted on the application of Cannabinoids in the treatment of various diseases such as diabetes, neoplasms, inflammatory diseases, neurological conditions, chronic pain and chemotherapy induced nausea and vomiting.

Scythian will initially be seeking FDA approval for its products in the United States. Once FDA approval has been obtained, Scythian will market its products and seek approvals equivalent to FDA approval in as many countries as is commercially feasible.

Risk Factors

The Company's overall performance and results of operations are subject to a number of risks and uncertainties. The economic, industry and risk factors discussed in the Company's annual information form filed on January 23, 2018 (the "Annual Information Form"), related to the year ended December 31, 2016, and the Company's Final Short-Form Prospectus dated February 6, 2018, filed on www.sedar.com,

which risk factors are incorporated by reference into this document, and should be reviewed in detail by all readers. These risks include, but are not limited to:

- Financial risks
- Limited operating history and no assurance of profitability
- No revenue to date
- Changes in laws, regulations and guidelines in Canada and the United States
- Material agreement
- Anti-money laundering laws and regulations
- Heightened scrutiny in the United States
- Regulatory risks
- Reliance on regulatory approval
- Reliance on pre-clinical testing and clinical trials
- Reliance on third parties for pre-clinical and clinical trials
- Vulnerability of results of planned clinical trials
- Risk of product failure
- Product liability
- Reliance on manufacturers
- Competition
- Reliance on key personnel
- Management of growth
- Reliance on computer systems
- Transportation risks
- Operating risk
- Employee regulations
- Litigation
- Intellectual property
- Dividends
- Volatile market price of the common shares
- NASDAQ Capital Markets listing
- Exchange rate due to NASDAQ Capital Markets listing

Regulatory Developments

The commercial medical marijuana industry is a relatively new industry and Scythian anticipates that such regulations will be subject to change. Scythian's operations are subject to a variety of laws, regulations, guidelines and policies relating to the manufacture, import, export, management, packaging/labelling, advertising, sale, transportation, distribution, storage and disposal of the product candidates but also including laws and regulations relating to drugs, controlled substances, health and safety, the conduct of operations and the protection of the environment. While to the knowledge of management, Scythian is currently in compliance with all such laws, any changes to such laws, regulations, guidelines and policies due to matters beyond the control of Scythian may adversely affect its operations.

Regulatory Developments in Canada

On October 19, 2015, the Liberal Party of Canada (the "Liberal Party") was elected and obtained a majority government in Canada. The Liberal Party had made electoral commitments to legalize, regulate and tax recreational marijuana use in Canada.

On August 24, 2016, the ACMPR replaced the Marihuana for Medical Purposes Regulations (the "MMPR") in respect of the production, sale and distribution of medical marijuana and related oil extracts. The MMPR came as a result of the Federal Court of Canada ruling in the case of *Allard v Canada* which found the MMPR unconstitutional as it violated the plaintiffs' rights under section 7 of the *Canadian Charter of Rights and Freedoms* by placing restrictions on a patient's ability to reasonably access medical marijuana.

The ACMPR effectively combines the regulations and requirements of the MMPR, the Marihuana Medical Access Regulations ("MMAR") and the Section 56 Exemptions relating to cannabis oil under the *Controlled Drug and Substances Act* (the "CDSA") into one set of regulations. In addition, among other things, the ACMPR sets out the process patients are required to follow to obtain authorization from Health Canada to grow marijuana and to acquire seeds or plants from licensed producers to grow their own marijuana. Patients have three options under the ACMPR in order to obtain marijuana:

- continue to access quality-controlled marijuana by registering with licensed producers;
- register with Health Canada to produce a limited amount of marijuana for their own medical purposes; or
- designate someone else to produce it for them.

On December 13, 2016, the Task Force on Cannabis Legalization and Regulation (the "Cannabis Task Force"), was established by the Canadian Federal Government. The Cannabis Task Force's role was to seek input on the design of a new system to legalize, strictly regulate and restrict access to marijuana, complete a review and publish a report outlining its recommendations. On April 13, 2017, the Liberal Party tabled Bill C-45, An Act respecting cannabis and to amend the Controlled Drugs and Substances Act, the Criminal Code and other Acts (the "Cannabis Act (Canada)"), which would legalize and regulate the production, distribution and sale of marijuana for unqualified adult use across Canada. The *Cannabis Act* (Canada) is expected to be implemented no later than the summer of 2018. It is not yet clear what, if any, negative impact the Cannabis Act (Canada) might have on the medical marijuana industry as a whole. The impact of such regulatory changes on Scythian's business is unknown, and the proposed regulatory changes may not be implemented at all.

On September 8, 2017 the Ontario government announced a proposed retail and distribution model for legalized recreational marijuana modelled on the current Liquor Control Board of Ontario (the "LBCO") framework.

On October 3, 2017, the Parliamentary Standing Committee on Health ("HESA") proposed amendments to the Cannabis Act (Canada), which would allow for marijuana edibles and concentrates to be available for sale within 12 months of the *Cannabis Act* (Canada) coming into force.

On October 16, 2017, the Canadian Securities Administrators, the Toronto Stock Exchange, the TSXV and the Canadian Securities Exchange each released written statements outlining their interpretations and ongoing treatment of public companies engaged in cross-border marijuana-related activities. These guidelines establish a disclosure-based approach that sets out robust standards for public companies that

currently conduct or are contemplating marijuana-related activities in the United States. The Company believes the Canadian Securities Administrators' Staff Notice 51-352 *Issuers with Marijuana-Related Activities* and the TSXV's Bulletin *Business Activities Related to Marijuana in the United States* apply to the Company as it carries on marijuana-related activities in the United States through its association with the University.

On November 21, 2017, Health Canada released a consultation paper "Proposed Approach to the Regulation of Cannabis" (the "Proposed Regulations"), which, among other things, seeks to solicit public input and views of the regulatory approach to the recreational marijuana market. Stakeholders were invited to share their views on the Proposed Regulations until January 20, 2018. Health Canada is expected to publish a summary of the comments received as well as a detailed outline of any changes to the regulatory approach.

The Proposed Regulations are divided into the following major categories:

1. Licences, Permits and Authorization;
2. Security Clearances;
3. Cannabis Tracking System;
4. Packaging and Labelling;
5. Cannabis for Medical Purposes; and
6. Health Products and Cosmetics Containing Cannabis.

Licences, Permits and Authorization

The Proposed Regulations establish different types of authorizations, based on the activity undertaken and, in some cases, the scale of the activity. Rules and requirements for different categories of authorized activities are intended to be proportional to the public health and safety risks posed by each category of activity. The types of proposed authorizations include: (i) cultivation; (ii) processing; (iii) sale to the public for medical purposes and non-medical purposes in provinces and territories that have not enacted a retail framework; (iv) analytical testing; (v) import/export; and (vi) research.

Cultivation licences would allow for both large-scale and small-scale (i.e. micro) growing of cannabis, subject to a stipulated threshold. Industrial hemp and nursery licences would also be issued as a subset of cultivation licences. Health Canada is considering a number of options for establishing and defining a "micro-cultivator" threshold, such as plant count, size of growing area, total production, or gross revenue. Part of the stated purpose of the Proposed Regulations is to solicit feedback from interested stakeholders regarding the most appropriate basis for determining what such threshold should be.

The Proposed Regulations provide that all licences issued under the *Cannabis Act* (Canada) would be valid for a period of no more than five years and that no licensed activity could be conducted in a dwelling-house. The Proposed Regulations also permit both outdoor and indoor cultivation of cannabis.

Security Clearances

It is proposed that select personnel (including individuals occupying a "key position", such as directors, officers, significant shareholders and individuals identified by the Minister of Health) associated with certain licences issued under the *Cannabis Act* (Canada) would be required to hold a valid security clearance issued by the Minister of Health. The Proposed Regulations would permit the Minister of Health

to refuse to grant security clearances to individuals associated with organized crime or with past convictions for, or an association with, drug trafficking, corruption or violent offences. This is the approach currently in place under the ACMPR and other related regulations governing the licensed production of cannabis for medical purposes.

Health Canada acknowledges in the Proposed Regulations that there are individuals who may have histories of non-violent, lower-risk criminal activity (for example, simple possession of cannabis, or small-scale cultivation of cannabis plants) who may seek to obtain a security clearance so to participate in the legal cannabis industry. Under the Proposed Regulations, the Minister of Health is authorized to grant security clearances to any individual on a case-by-case basis. Part of the purpose of the Proposed Regulations is to solicit feedback from interested parties on the degree to which such individuals should be permitted to participate in the legal cannabis industry.

Cannabis Tracking System

As currently proposed under the *Cannabis Act* (Canada), the Minister of Health will be authorized to establish and maintain a national cannabis tracking system. The system will be to track cannabis throughout the supply chain to prevent the diversion of cannabis into, and out of, the legal market. The Proposed Regulations provide the Minister of Health with the authority to make ministerial orders requiring certain persons named in such order to report specific information about their authorized activities with cannabis, in the form and manner specified by the Minister.

Cannabis Products

The Proposed Regulations permit the sale to the public of dried cannabis, cannabis oil, fresh cannabis, cannabis plants, and cannabis seeds. It is proposed that the sale of edible cannabis products and concentrates (such as hashish, wax and vaping products) would only be permitted within one year following the coming into force of the *Cannabis Act* (Canada).

The Proposed Regulations acknowledge that a range of product forms should be permitted to help the legal industry displace the illegal market. Additional product forms mentioned under the Proposed Regulations include “pre-rolled” cannabis and vaporization cartridges manufactured with dried cannabis. Specific details related to these new products are to be set out in a subsequent regulatory proposal.

Packaging and Labelling

The Proposed Regulations set out requirements pertaining to the packaging and labelling of cannabis products. Such requirements promote informed consumer choice and allow for the safe handling and transportation of cannabis. Consistent with the requirements under the ACMPR, the Proposed Regulations require all cannabis products to be packaged in a manner that is tamper-evident and child-resistant.

While minor allowances for branding would be permitted, Health Canada is proposing strict limits on the use of colours, graphics, and other special characteristics of packaging to curtail the appeal of cannabis products to youth. To ensure that consumers make informed decisions and to avoid misuse, products will be required to be labelled with specific information about the product, contain mandatory health warnings similar to tobacco products, and be marked with a clearly recognizable standardized cannabis symbol.

Cannabis for Medical Purposes

The proposed medical access regulatory framework will remain substantively the same as currently exists under the ACMPR, with proposed amendments to create consistency with rules for non-medical use, improve patient access, and reduce the risk of abuse within the medical access system.

Health Products and Cosmetics Containing Cannabis

Health Canada is proposing a scientific, evidenced-based approach for the oversight of health products containing cannabis that are approved with health claims, including prescription and non-prescription drugs, natural health products, veterinary drugs and health products, and medical devices. Under the Proposed Regulations, the use of cannabis-derived ingredients in cosmetics, which is currently prohibited, will be permitted and subject to the provisions of the *Cannabis Act* (Canada).

On November 27, 2017, the House of Commons passed the *Cannabis Act* (Canada), which proposes the enactment of the *Cannabis Act* (Canada) to legalize and regulate the production, distribution and sale of marijuana for unqualified adult use across Canada. The *Cannabis Act* (Canada) is expected to be implemented no later than the summer of 2018.

On December 12, 2017, the Ontario government passed the *Cannabis Act, 2017* (Ontario), to regulate the lawful use, sale and distribution of recreational marijuana in the Province of Ontario. The *Cannabis Act, 2017* (Ontario) will, among other things:

- create a new provincial retailer, overseen by the LCBO, to manage the distribution of recreational marijuana through stand-alone stores and an LCBO-controlled online order and distribution service, These channels will be the only channels through which consumers will be able to legally purchase recreational marijuana;
- set a minimum age of 19 to use, buy, possess and cultivate marijuana in Ontario; and
- ban the use of marijuana in public places, workplaces and motor vehicles.

Provincial governments from Alberta, British Columbia and New Brunswick have followed the Province of Ontario's model to control the use, sale and distribution of marijuana. Specifics of their frameworks have not been confirmed and a period for public consultation has been implemented.

On January 12, 2018, the Canadian Securities Administrators issued a statement following the rescission of the Cole Memorandum (as defined below), which indicated that it is considering whether its disclosure-based approach for issuers with United States marijuana-related activities remains appropriate in light of the rescission of the Cole Memorandum. The Canadian Securities Administrators further noted that more details of their position would follow, but no further details have been provided as of the date of this MD&A.

Regulatory Developments in the United States

In the United States, marijuana is largely regulated at the state level. To the Company's knowledge, there are to date a total of 29 states, plus the District of Columbia, Puerto Rico and Guam that have legalized marijuana in some form. Notwithstanding the permissive regulatory environment of medical marijuana

at the state level, marijuana continues to be categorized as a Schedule I controlled substance under the Controlled Substances Act of 1970 (the "**CSA**") and as such, violates federal law in the United States.

The United States has a complex regulatory landscape when it comes to medical marijuana. The CSA regulates the possession, importation, manufacture, distribution and dispensing of controlled substances under United States federal law. Under the CSA, controlled substances are classified into schedules based on their potential for abuse by a patient or other user. Marijuana is and always has been classified as a Schedule 1 substance under the CSA. Under the CSA, all Schedule 1 substances are subject to strict production quotas and, unlike drugs in other schedules, no medical prescription may be written for Schedule 1 substances. The CSA, does, however, permit the possession, manufacture, or distribution of marijuana or other Schedule 1 substances in furtherance of a government-approved research study.

On August 29, 2013, the Deputy Attorney General, James Cole, authored a memorandum (the "Cole Memorandum") directing that individuals and businesses that rigorously comply with state regulatory provisions in states that have strictly-regulated legalized medical or recreational marijuana programs should not be a prosecutorial priority for violations of federal law. The Cole Memorandum outlined certain priorities for the Department of Justice relating to the prosecution of cannabis offenses. In particular, the Cole Memorandum noted that in jurisdictions that have enacted laws legalizing marijuana in some form and that have also implemented strong and effective regulatory and enforcement systems to control the cultivation, distribution, sale and possession of marijuana, conduct in compliance with those laws and regulations is less likely to be a priority at the federal level. Notably, however, the Department of Justice has never provided specific guidelines for what regulatory and enforcement systems it deems sufficient under the Cole Memorandum standard. In light of limited investigative and prosecutorial resources, the Cole Memorandum concluded that the Department of Justice should be focused on addressing only the most significant threats related to marijuana. States where medical marijuana had been legalized were not characterized as a high priority.

The United States Congress has passed appropriations bills each of the last three years that included the Rohrabacher Amendment Title: H.R.2578 — Commerce, Justice, Science, and Related Agencies Appropriations Act, 2016 ("Rohrabacher-Blumenauer Amendment"), which by its terms does not appropriate any federal funds to the United States Department of Justice for the prosecution of medical marijuana offenses of individuals who are in compliance with state medical marijuana laws. This enacted legislation remains in force today. American courts have construed these appropriations bills to prevent the federal government from prosecuting individuals when those individuals comply with state law. However, because this conduct continues to violate federal law, American courts have observed that should Congress at any time choose to appropriate funds to fully prosecute the CSA, any individual or business—even those that have fully complied with state law—could be prosecuted for violations of federal law. If Congress restores funding, the United States government will have the authority to prosecute individuals for violations of the law before it lacked funding under the CSA's five-year statute of limitations.

In March 2017, newly appointed Attorney General Jeff Sessions again noted limited federal resources and acknowledged that much of the Cole Memorandum had merit; however, he disagreed that it had been implemented effectively and, on January 4, 2018, Attorney General Jeff Sessions issued a memorandum (the "Sessions Memorandum") that rescinded the Cole Memorandum. The Sessions Memorandum rescinded previous nationwide guidance specific to the prosecutorial authority of United States Attorneys relative to marijuana enforcement on the basis that they are unnecessary, given the well-established

principles governing federal prosecution that are already in place. Those principals are included in chapter 9.27.000 of the United States Attorneys' Manual and require federal prosecutors deciding which cases to prosecute to weigh all relevant considerations, including federal law enforcement priorities set by the Attorney General, the seriousness of the crime, the deterrent effect of criminal prosecution, and the cumulative impact of particular crimes on the community.

As a result of the Sessions Memorandum, federal prosecutors will now be free to utilize their prosecutorial discretion to decide whether to prosecute marijuana activities despite the existence of state-level laws that may be inconsistent with federal prohibitions. No direction was given to federal prosecutors in the Sessions Memorandum as to the priority they should ascribe to such marijuana activities, and resultantly it is uncertain how actively federal prosecutors will be in relation to such activities. Furthermore, the Sessions Memorandum did not discuss the treatment of medical marijuana by federal prosecutors. Medical marijuana is currently protected against enforcement by enacted legislation from United States Congress in the form of the Rohrabacher-Blumenauer Amendment, which similarly prevents federal prosecutors from using federal funds to impede the implementation of medical marijuana laws enacted at the state level, subject to Congress restoring such funding. Due to the ambiguity of the Sessions Memorandum in relation to medical marijuana, there can be no assurance that the federal government will not seek to prosecute cases involving marijuana businesses that are otherwise compliant with state law.

Subsequent to the issuance of the Sessions Memorandum on January 4, 2018, the United States Congress passed its omnibus appropriations bill, SJ 1662, which for the fourth consecutive year contained the Rohrabacher-Blumenauer Amendment language and continued the protections for the medical cannabis marketplace and its lawful participants from interference by the Department of Justice up and through the 2018 appropriations deadline of September 30, 2018. American courts have construed these appropriations bills to prevent the federal government from prosecuting individuals when those individuals comply with state law. However, because this conduct continues to violate federal law, American courts have observed that should Congress at any time choose to appropriate funds to fully prosecute the CSA, any individual or business—even those that have fully complied with state law—could be prosecuted for violations of federal law. If Congress restores funding, the United States government will have the authority to prosecute individuals for violations of the law before it lacked funding under the CSA's five-year statute of limitations.

Although recreational use of marijuana is criminalized at the state level, medical marijuana is now legal under the Florida Constitution. The process of legalization began in 2014, when the legislature for the State of Florida passed the *Compassionate Medical Cannabis Act* which legalized a non-euphoric strain of marijuana for medical use in Florida for certain patients with terminal illnesses and certain other conditions. In November 2016, Amendment 2 to the Florida Constitution was approved which expanded the reach of the Florida Constitution to include medical marijuana to treat twenty plus medical conditions and/or those conditions that a physician would opine could be alleviated with the use of medical marijuana. The Florida legislature was granted an opportunity to draft and pass legislation to implement Amendment 2 during the 2017 legislative session, and the legislature passed and the governor signed Senate Bill 8A, which is now codified as Fla. Stat 381.986 et seq. The Florida Department of Health, Office of Medical Marijuana Use has also initiated its rule making process to create rules and regulations that implement section 381.986, and that process is ongoing. To date, several procedural and administrative rules have been enacted pertaining to pesticide use, penalties for statutory violations and other administrative matters.

The Company's business and its association with the University through the pre-clinical and clinical trials of Scythian's Combination Therapy, which includes the use and/or handling of marijuana as a Schedule 1 substance, is in compliance with the laws in the State of Florida and the federal laws of the United States. The University was awarded a license from the Federal Drug Enforcement Agency to conduct the R&D Agreement as a government approved research project involving marijuana in accordance with the CSA. Additionally, neither Scythian nor the University are engaged in the cultivation or dispensing of medical marijuana to patients in Florida. The approach to enforcement of medical marijuana by both the State of Florida and the United States government is subject to change, and any such change in the laws relating to medical marijuana may adversely affect the Company.

Key Personnel

Rob Reid, CEO, Director
Jonathan Held, CFO
Michael Barnes, Chief Medical Officer
Maghsoud Dariani, Chief Scientific Officer

Board of Directors

Jonathan Gilbert
Roger Rai
Rob Reid
George Scorsis

Advisory Board
Peter Levy
Scott David Boruchov
Renah Persofsky
Jeffrey Freedman

Pro Athlete Advisory Committee
Bart Oates
Ottis Jerome Anderson

Endorsements
Pro Football Legends
World Boxing Association

Additional information about the Company, including the Company's Annual Information Form, is available on SEDAR at www.sedar.com or http://scythianbio.com.