SCYTHIAN BIOSCIENCES CORP.

(Formerly Kitrinor Metals Inc.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTH PERIOD ENDED JUNE 30, 2018

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 three months ended June 30, 2018 and 2017, including other pertinent events subsequent to that date up to and including August 20, 2018. The following information should be read in conjunction with the financial statements for the three month period ended June 30, 2018 and 2017, and the audited consolidated financial statements for the years ended March 31, 2018 and 2017. Amounts are reported in Canadian dollars unless otherwise indicated.

The common shares of the Company are listed on the Canadian Securities 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 endeavours 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

Florida

On July 25, 2018, the Company signed a binding letter of intent to acquire 100% of CannCure Investments Inc. ("CannCure"), an Ontario corporation that is in the process of acquiring 3 Boys Farms, LLC ("3 Boys Farms"), an established Florida agricultural company with a license to operate as a Medical Marijuana

Treatment Centre in Florida under Florida Statutes 381.986, and a Florida-based, multi specialty primary care health and wellness medical organization ("Healthcare Organization").

The closing of the Company's acquisition of CannCure (the "Acquisition") will be subject to the receipt of all required governmental approvals, including any approvals mandated by the Florida Department of Health and/or the Office of Medical Marijuana Use and the completion of CannCure's acquisitions of the Healthcare Organization and 3 Boys Farms.

Pursuant to the terms of sale between CannCure and the vendors of 3 Boys Farms, CannCure will purchase an initial 60% of the issued and outstanding shares of 3 Boys Farms on or before August 31, 2018 and hold an option to acquire the balance of the issued and outstanding shares on or before December 31, 2018. The acquisition of 3 Boys Farms is subject to a number of closing conditions including the receipt of all necessary governmental approvals in the State of Florida, including approvals mandated by the Florida Department of Health and/or the Office of Medical Marijuana Use, 3 Boys Farms being free and clear of any debts and liabilities on the closing date and 3 Boys Farms having settled any and all outstanding claims and actions against it prior to closing.

Pursuant to the terms of sale between CannCure and the Healthcare Organization, CannCure will purchase 60% of the issued and outstanding shares of the Healthcare Organization prior to the closing of the Acquisition. CannCure's acquisition of the Healthcare Organization is subject to a number of closing conditions including the receipt of required governmental approvals in the State of Florida, the waiver of any rights of first refusal held by stakeholders in the Healthcare Organization, key executives and principals of the Healthcare Organization having entered into non-competition agreements and/or new employment agreements in favour of CannCure, the execution and delivery of a new operating agreement between the principals of the Healthcare Organization and CannCure and the execution and delivery of a put option agreement with each vendor requiring CannCure to purchase the remaining 40% of the Healthcare Organization based on a to-be-determined EBITDA earnout. The operating agreement will also state that CannCure will be solely obligated to fund 100% of all capital expenditures of the Health Organization and its growth subsequent to the closing date and up to and through a mutually agreed upon date and/or revenue/cost based target that will be included in the definitive agreement.

Scythian will initially purchase 70% of CannCure and have an option to acquire the remaining 30%, all at the same valuation. The first 70% will be acquired in exchange for $93,300,000 in equity and $43,200,000 in cash to be invested into CannCure by way of debt or equity. The equity shall be paid in common shares of Scythian, issued to the shareholders of CannCure, at a price, which is the greater of $4.00 or the 20 day volume weighted average price at closing. The maximum number of shares to be issued as a result of the acquisition of a 70% interest in CannCure is 23,325,000 common shares of Scythian. Scythian will also hold an option for 15 months from the date of closing to acquire the remaining 30% of CannCure. The option for the remaining 30% of CannCure (or $58,500,000) shall be payable in cash or shares, at the discretion of Scythian.

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

Argentina

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 exchange approval and other closing conditions.

Jamaica

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 exchange approval and other closing conditions.

Colombia

On April 8, 2018, as amended on July 31, 2018, the Company signed a binding letter of intent to acquire 100% of MMJ Colombia Partners Inc. ("MMJ Colombia"). MMJ Colombia owns 90% of Colcanna SAS ("Colcanna"), a company that has licenses to cultivate, produce, research and export medical cannabis CBD and THC in Colombia. Under the terms of the letter of intent:

- Scythian, subsequent to period end, has advanced US$6,200,000 to MMJ Colombia, such amount secured by all of the assets of MMJ Colombia, including its interests in Colcanna;
- Scythian will issue on the closing date CDN$24,300,000 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 4,768,875 Common Shares will be issued as share consideration; and
- Scythian will assume on the closing USD$5,000,000 of non-interest bearing, unsecured promissory notes for the following amounts due on the following dates:
    - USD$4,000,000 on October 15, 2018; and
    - USD$1,000,000 on December 31, 2018.

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 exchange approval and other closing conditions.

Brazil

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 common shares with a value of $2,400,000 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 exchange approval and other closing conditions.

Dispositions

On July 17, 2018, the Company sign a definitive share purchase agreement with Aphria Inc. ("Aphria") (TSX:APH), under which it would sell a wholly owned subsidiary LATAM Holdings Inc. ("Latam") to 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 cannabis foundation, with an initial focus on Florida and the United States.

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.

Upon announcing the acquisition of CannCure, the Company also announced it will voluntarily withdraw its application to list its shares on the Nasdaq Stock Market LLC. The Company will also file a Form 15 (Certification and Notice of Termination of Registration) with the SEC to deregister its common stock under the Securities and Exchange Act of 1934, as amended. The Company's shares will continue to trade on the OTCQB under the symbol "SCCYF" with its Nasdaq International Designation.

On August 15, 2018, the Company started trading on the Canadian Securities Exchange (the "CSE"). The Company's has voluntarily delisted its shares from the TSX Venture Exchange on August 17, 2018.

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 subscribed for 2,688,500 Units 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 the three months 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 July 30, 2018, Mr. Brady Cobb was appointed to the Board of Directors (the "Board"). On July 26, 2018 Mr. George Scorsis resigned from the board. On August 1, 2018, Mr. Jonathan Gilbert resigned from the board.

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 Persofsky 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.

Through 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.

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.

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.

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:

	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016
	$	$	$	$	$	$	$	$
Total revenue	-	-	-	-	-	-	-	-
Net loss	(2,937,664)	(7,821,972)	(4,442,235)	(12,520,884)	(1,146,295)	(1,315,402)	(735,766)	(461,458)
Loss per share, basic and fully diluted	(0.13)	(0.59)	(0.21)	(0.70)	(0.10)	(0.19)	(0.41)	(0.26)
Total assets	31,249,714	35,103,721	10,027,863	11,979,691	13,631,290	2,732,335	869,700	921,814
Long-term liabilities	-	-	-	-	-	-	-	-
Working capital (deficiency)[1]	27,467,478	33,281,139	9,747,910	11,055,826	12,074,173	41,336	(1,011,448)	(1,050,482)
Dividends	-	-	-	-	-	-	-	-

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

Comments on the significant variations of results from continuing and discontinued operations for the three months ended June 30, 2018 and 2017:

	Three Month Periods Ended	
	June 30, 2018	**June 30, 2017**
	$	$
Research and development	913,628	686,579
Salaries and wages	468,797	217,678
Professional fees	681,410	109,360
Consulting	249,973	35,477
Advertising and public relations	521,788	1,433
Office and general	202,593	3,181
Travel	352,973	25,377
Depreciation	-	51,003
Foreign exchange loss (gain)	(158,652)	22,298
Total operating costs	3,232,511	1,152,386
Net loss and comprehensive loss	(2,937,664)	(1,146,295)

Operating costs totaled $3,232,511 for three months ended June 30, 2018, compared to $1,152,386 for the three months ended June 30, 2017, an increase of $2,080,125. 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. Increase during the three months ended March 31, 2018 in research and development costs by $227,049 compared to the prior period is attributed to increase in research activities.

During the three months ended June 30, 2018, the Company incurred an increase in salaries and wages of $251,119. The main reason for this increase related to the issuance of deferred share units ("DSUs") to officers and directors, which resulted in compensation during the three month ended June 30, 2018 of $171,719 (June 30, 2017 - $Nil). The Company also recorded payroll of approximately $1,460,000, which consisted of salaries and severance payable. The increase in salaries and wages is also attributed to the issuance of stock options, as during the three month ended June 30, 2018, the Company recorded $387,952 (2017 - $Nil) in salaries and wages related to these issuances. During the three month ended June 30, 2018, 320,000 unvested DSUs with an initial value of $1,689,600 were forfeited. The initial value of the DSUs were recorded as a reduction in payroll expenses for the current period. $217,600 of historical fair value adjustment related to the forfeited units were adjusted to DSU liability.

The Company also experienced increases in professional fees, consulting, and advertising and public relations. These increases are all associated with recent transactions, as well as additional costs related to maintaining a public listing. During the three months ended June 30, 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 three months ended June 30, 2018, of $2,937,664, (June 30, 2017 - $1,146,295). The net loss and comprehensive loss included non-operating income and gain on equity investments for the three months ended June 30, 2018 of $284,341, (June 30, 2017 – $6,091).

Liquidity and Capital Resources

As of June 30, 2018, the Company had cash and cash equivalents and short-term investments of $24,426,510 (March 31, 2018 - $32,164,233) and working capital, excluding deferred share unit liabilities, of $27,467,478 (March 31, 2018 - $33,281,139). 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.

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. As of June 30, 2018, all accounts payables and accrued liabilities were due within one year.

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 August 20, 2018, the Company's issued and outstanding shares, stock options and warrants are as follows:

	August 20, 2018
Common shares	29,993,588
Warrants	7,879,360
Warrants – double dilution(1)	432,848
Stock options	1,692,236
Deferred share units	279,313
Total fully diluted – prior to the acquisition of MAI, MMJ Colombia and MMJII	40,277,345
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)	8,100,000
Total fully diluted	60,553,665

(1) 432,848 of the warrants convert into units, with each unit consisting of one common share and one warrant.

(2) In consideration for the acquisition, Scythian will issue, on the closing date, CDN$24,300,000 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 4,768,875 Common Shares will be issued as share consideration. Number of shares based on $3.00 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 US$5,425,000 payments to date under the Agreement.

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.

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)]	$19,945,905	$5,877,213	$14,068,692	-	-
Other Long-Term Liabilities Reflected on our Balance Sheet	-	-	-	-	-
Total	$19,945,905	$5,877,213	$14,068,692	-	-

(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 1.31961 as at June 30, 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 June 30, 2018, included in accounts payable and accrued liabilities is an amount of $76,179 (March 31, 2018 - $Nil) 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.

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 remaining proceeds as well as the funds used during the period.

	Funds Allocated as at March 31, 2018 (2)	Use of Funds through June 30, 2018	Remaining Funds Allocated
Research and Development	$ 6,000,000	$ 913,628	$ 5,086,372
General, administrative and operating	9,090,179	2,879,531	6,210,648
Acquisitions and transaction costs (1)	15,997,283	3,144,648	12,852,635
TOTAL	**$ 31,087,462**	**$ 6,937,807**	**$ 24,149,655**

(1) Acquisition and transaction costs includes promissory notes issued associated with acquisitions.
(2) Funds allocated as at March 31, 2018, consists of the initial funds allocated and reallocations and funds used prior to March 31, 2018.
(3) All number 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:

Income Taxes - Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Because the Company is in a loss position, it has not recognized the value of any deferred tax assets in its consolidated statements of financial position.

Share-based Compensation - The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most

appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

Going concern risk assessment - The assessment of the Company's ability to continue as a going concern, meet its liabilities for the ensuing year, involves significant judgment based on expectation of future events that are believed to be reasonable under the circumstances.

Equity Investments - The assessment of the value of equity investments that are level 2 and level 3 require significant estimates. These estimates include, but are not limited to, the expected life of the instrument, value of underlying company, volatility and dividend yield.

Changes in Accounting Policies

New Accounting Policies

During the period ended June 30, 2018, the Company adopted the following new significant accounting policies:

IFRS 9 Financial Instruments - Equity Investments

All equity investments are classified upon initial recognition at fair value through profit or loss ("FVTPL"), with changes in fair value reported in profit or loss. Purchases and sales of equity investments are recognized on the settlement date. Investments at FVPTL are initially recognized at fair value.

Subsequent to initial recognition, all equity investments are measured at fair value. Gains and losses arising from changes in the fair value of the FVTPL investments are recognized in profit or loss.

Equity investments in common shares of public companies are measured at fair value based on published market prices with unrealized gains and losses recognized through profit or loss. When units are purchased that consist of shares and warrants, the warrants received are accounted for using the residual method at the time of purchase. The value of the warrants are subsequently fair valued at the measurement date using the Black-Scholes option pricing model.

Assets Held for Sale

Assets and liabilities held for sale are not depreciated and are presented separately in the statement of financial position at the lower of their carrying amount and fair value less costs to sell. An asset is regarded as held for sale if its carrying amount will be recovered principally through a sale transaction, rather than through continuing use. For this to be the case, the asset must be available for immediate sale and its sale must be highly probable.

Future 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.

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 June 30, 2018, the Company's financial instruments consist of cash and cash equivalents, other receivable, accounts payable and accrued liabilities, deferred share unit liabilities, investments and assets held for sale. 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.

All investments are classified upon initial recognition at fair value through profit or loss ("FVTPL"), with changes in fair value reported in profit or loss. Purchases and sales of investments are recognized on the settlement date. Investments at FVPTL are initially recognized at fair value.

Subsequent to initial recognition, all investments are measured at fair value. Gains and losses arising from changes in the fair value of the FVTPL investments are recognized in profit or loss.

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 June 30, 2018, the Company held financial assets, other than held for sale, of $3,900,190 (March 31, 2018 - $621,508) denominated in US dollars and had research and development commitments denominated in US Dollars.

During the three months ended June 30, 2018, the Company recognized foreign currency exchange gain of $158,652 (June 30, 2017 – loss of $22,298) relating to currency fluctuations between the Canadian and US dollars.

Credit Risk

Concentration of credit risk may arise from exposures to a single debtor or to a group of debtors having similar characteristics such that their ability to meet their current obligations is expected to be affected similarly by changes in economic or other conditions. The Company has assessed the ECL of its other receivables as 0%, as the other receivables consist of HST receivable from the Canada Revenue Agency, and interest receivable on guaranteed investment certificates. The Company has received $747,021 (US$560,000) in promissory notes from entities that it is in the process of acquiring, which are presented as assets held for sale. The Company has managed its credit risk by ensuring it has received general security agreements over all of the assets of the companies, which it has advanced funds to, hence has assessed the ECL as 0%.

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, the Company's Final Short-Form Prospectus dated February 6, 2018, filed on www.sedar.com, and the Company's Listing Statement filed on the CSE, www.thecse.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
- Regulatory scrutiny of the activities in the United States
- 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
- Risks associated with Acquisitions

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 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

Roger Rai
Rob Reid
Brady Cobb

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.