ABcann Global Corporation
(formerly Panda Capital Inc.)

Management's Discussion and Analysis

Three months ended March 31, 2017 and 2016

Dated: May 29, 2017

Introduction

This management's discussion and analysis (this "**MD&A**") of the financial condition and results of operations of ABcann Global Corporation (formerly Panda Capital Inc.) (the "**Corporation**") was prepared by management of the Corporation as at May 29, 2017 and should be read in conjunction with the Corporation's unaudited condensed consolidated interim financial statements and notes thereto for the three months ended March 31, 2017 and 2016 (the "**Financial Statements**") and the Corporation's audited consolidated annual financial statements for the year ended December 31, 2016. Additional information relating to the Corporation is available on SEDAR at **www.sedar.com**.

The Financial Statements have been prepared by management and have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee. All amounts are expressed in Canadian dollars unless otherwise stated. Other information contained in this MD&A has also been prepared by management and is consistent with the data contained in the Financial Statements.

As at March 31, 2017, the Corporation was classified as a Capital Pool Company ("**CPC**") for the purposes of the policies of the TSX Venture Exchange (the "**TSXV**"). Effective April 28, 2017, the Corporation completed the acquisition of all of the securities of ABcann Medicinals Inc. ("**ABcann Medicinals**") by way of three-cornered amalgamation among the Corporation, ABcann Medicinals and a wholly-owned subsidiary of the Corporation (the "**Transaction**"), and changed its name from "Panda Capital Inc." to "ABcann Global Corporation". The Transaction constituted the Corporation's Qualifying Transaction (as defined in the policies of the TSXV) and resulted in a reverse takeover of the Corporation by ABcann Medicinals, with ABcann Medicinals as the acquiror and the Corporation as the acquiree for accounting purposes.

Because the Transaction was not completed until after March 31, 2017, being the period covered by the Financial Statements, the financial information contained herein and in the Financial Statements represents the financial results of the Corporation prior to the completion of the Transaction. For information concerning the financial results of ABcann Medicinals, see the Corporation's filing statement dated March 31, 2017 and the "financial statements of operating entity" filed on SEDAR concurrently herewith.

Forward-Looking Statements

This MD&A includes statements that express management's opinions, expectations, beliefs, plans, objectives, assumptions or projections regarding future events or future results, and therefore are, or may be deemed to be, "forward-looking information" or "forward-looking statements". These forward-looking statements can generally be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "seeks", "projects", "intends", "plans", "may", "will" or "should", or their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this MD&A and include statements regarding the Corporation's intentions, beliefs or current expectations concerning, among other things, the Corporation's results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which the Corporation operates. 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 known and unknown risks, uncertainties and assumptions. 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 could vary materially from those expressed or implied by the forward-looking statements contained in this MD&A. Such risks include, but are not limited to, risks related to: changes in applicable legislation and regulatory requirements; competition for, among other things, capital reserves and skilled personnel; protection of intellectual property; third party performance of obligations under contractual arrangements; prevailing regulatory, tax and other applicable laws and regulations; stock market volatility and market valuations; the Corporation's ability to obtain the financing needed to pursue its plan of operations on acceptable terms or at all; the Corporation's ability to obtain equipment, services and supplies in a timely manner; uncertainty in global financial markets; and other factors beyond the Corporation's control. See the section entitled "Risk Factors" for more information regarding risks relating to the Corporation.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. These factors should be considered carefully and readers should not place undue reliance on the forward-looking statements. The forward-looking statements are based on assumptions that management believes are reasonable, which include, but are not limited to, assumptions with respect to: future growth potential; the ability to raise capital; timing and amount of capital and other expenditures; the impact of competition; results of operations; future prospects and opportunities; maintaining a stable workforce; there being no material variations in the current legal, tax and regulatory environments; future levels of indebtedness; and current economic conditions. Readers are cautioned that forward-looking statements are not guarantees of future performance and that actual results of operations, financial condition and liquidity, and the development of the industry in which the Corporation operates, may differ materially from the forward-looking statements contained in this MD&A. In addition, even if the Corporation's results are consistent with the forward-looking statements contained in this MD&A, those results or developments may not be indicative of results or developments in the future.

Any forward-looking statements in this MD&A speak only as of the date of such statements, and the Corporation does not undertake any obligation to update such statements or to publicly announce the results of any revisions to any such statements to reflect future events or developments, except as required by applicable laws. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data. All of the forward-looking statements made in this MD&A are qualified by these cautionary statements.

Description of the Business

As at, and prior to, March 31, 2017, the Corporation was classified as CPC under the policies of the TSXV. As such, the Corporation's business was to identify and evaluate businesses and assets with a view to completing a Qualifying Transaction.

The Corporation initially obtained a listing of its common shares on the TSXV on October 5, 2007 under the stock symbol "PDA.P". Effective July 2, 2010, listing of the Corporation's common shares was transferred to the NEX board of the TSXV. This transfer was required under the TSXV's policies due to the fact that the Corporation had not completed its Qualifying Transaction by the deadline established by the TSXV. In connection with the migration to NEX, one-half of the seed shares held by non-arm's length parties to the Corporation were cancelled. The transfer to NEX was approved by the Corporation's shareholders at a meeting of shareholders held on June 28, 2010.

Effective September 29, 2015, the Corporation completed a consolidation of its issued and outstanding common shares on the basis of 8 pre-consolidation shares for each post-consolidation share (the "**Consolidation**").

Effective April 28, 2017, the Corporation completed the Transaction, pursuant to which it acquired all of the securities of ABcann Medicinals by way of three-cornered amalgamation among the Corporation, ABcann Medicinals and a wholly-owned subsidiary of the Corporation. The Transaction constituted the Corporation's Qualifying Transaction and resulted in a reverse takeover of the Corporation by ABcann Medicinals, with ABcann Medicinals as the acquiror and the Corporation as the acquiree for accounting purposes.

In connection with the completion of the Transaction, the Corporation changed its name to "ABcann Global Corporation" and, effective May 4, 2017, the common shares of the Corporation resumed trading on the TSXV under the symbol "ABCN". The Corporation is classified as a Tier 2 Industrial Issuer on the TSXV.

As a result of the completion of the Transaction, the Corporation's business has become that of ABcann Medicinals and, as such, the Corporation is in the business of producing, storing and selling medical marihuana. ABcann Medicinals received a license from Health Canada to operate as a Licensed Producer of medical marihuana under the *Marihuana for Medical Purposes Regulation* (Canada) on March 21, 2014 (the "**License**"). The License is now governed by the *Access to Cannabis for Medical Purposes Regulations* (the "**ACMPR**") issued pursuant to the *Controlled Drugs and Substances Act* (Canada), and has a current term ending on October 31, 2017.

The Corporation's current production facilities, measuring 14,500 square feet, have the capacity to produce in the order of 1,000 kilograms of medical marihuana per annum. The License allows for the production of 625 kilograms of medical marihuana per annum until October 31, 2017.

At the end of each term of the License, the Corporation must submit an application for renewal of the License to Health Canada, containing information prescribed by the ACMPR. The Corporation has no information that would lead it to believe that the License will not be renewed in the normal course at the next expiry of the License.

The medical marihuana industry has experienced significant changes in Canada with the introduction of the ACMPR and the impending impetus to legalize cannabis for recreational use. This has generated an increase in investment in the industry and an overhaul to the way potential clients will be able to obtain cannabis in Canada. The Corporation plans to continue monitoring industry trends.

The Task Force on Cannabis Legalization and Regulation (the "**Task Force**") appointed by the Federal Government recently released its report entitled "A Framework for the Legalization and Regulation of Cannabis", dated November 30, 2016 (the "**Report**"). The Task Force makes a number of recommendations in the Report that are relevant to the market for recreational marihuana and, in particular, recommends that the legislation and regulations ultimately put in place by the Federal Government, among other things, do the following:

- set a national minimum age of purchase of 18;
- apply comprehensive restrictions to the advertising and promotion of cannabis and related merchandise;
- allow limited promotion in areas accessible by adults, similar to those restrictions under the *Tobacco Act* (Canada);
- require plain packaging for cannabis products that only display the producer company name, strain name, price, amounts of THC and cannabidiol (CBD), and warnings and other labelling requirements;
- impose strict sanctions on false or misleading promotion as well as promotion that encourages excessive consumption, where promotion is allowed;
- impose requirements to protect children;
- impose a price and tax scheme based on potency to discourage purchase of high-potency products;
- prohibit mixed products, for example cannabis-infused alcoholic beverages or cannabis products with tobacco, nicotine or caffeine; and
- allow for personal cultivation for non-medicinal purposes of up to four plants per residence subject to additional local and safety requirements.

Of particular importance in the Corporation's view, the Task Force recommended that the Federal Government:

- continue to regulate the production of cannabis and its derivatives, drawing on the current medicinal marihuana production regime;
- use licensing and production controls to encourage a competitive market; and
- implement a tracking system to prevent diversion and to allow for product recalls.

A full copy of the Report can be found at: http://healthycanadians.gc.ca/task-force-marijuana-groupe-etude/framework-cadre/index-eng.php.

For detailed information regarding the business of the Corporation and ABcann Medicinals, see the Corporation's filing statement dated March 31, 2017, which was filed on SEDAR on March 31, 2017.

Selected Financial Information

The Corporation was incorporated under the *Canada Business Corporation Act* on April 12, 2007 and December 31 is the date of its fiscal year end. Until completion of the Transaction, the Corporation did not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a potential Qualifying Transaction.

The following selected financial data is derived from the Financial Statements, which, as noted above, reflect the results of operations of the Corporation prior to the completion of the Transaction, and not the financial results of ABcann Medicinals.

Selected Statement of Financial Position Data

	As at March 31, 2017 ($)	As at December 31, 2016 ($)
Net working capital (deficit)	(70,505)	80,190
Total current assets	632,430	182,370
Total current liabilities	702,935	102,180
Total shareholders' (deficit) equity	(70,505)	80,190

Selected Statement of Operations Data

	Three months ended March 31	
	2017 ($)	2016 ($)
Interest income	Nil	Nil
Expenses	184,654	12,960
Loss for the period	(150,695)	(12,960)
Basic income (loss) per share	(0.05)	(0.00)

Quarterly Information

The following table sets out selected financial information for the Corporation for its eight most recent fiscal quarters:

	Three months ended			
	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016
Net loss for the period	$150,695	$85,291	$13,524	$12,960
Weighted average number of shares	2,812,500	2,812,500	2,812,500	2,812,500
Net loss per share	$0.05	$0.03	$0.01	$0.01

	Three months ended			
	March 31, 2016	December 31, 2015	September 30, 2015	June 30, 2015
Net loss for the period	$12,959	$105,178	$4,436	$5,271
Weighted average number of shares	2,812,500	2,812,500	3,300,000[(1)]	3,300,000[(1)]
Net loss per share	$0.00	$0.04	$0.01	$0.01

(1) Prior to giving effect to the Consolidation.

Because the Corporation had no active business prior to completion of the Transaction, variations in net loss between periods were largely tied to the amount of funds expended by the Corporation to investigate potential Qualifying Transactions from time to time.

Results of Operations

As at March 31, 2017, the Corporation did not have any operations and did not conduct any business other than the identification and evaluation of business and assets for potential acquisition.

During the three months ended March 31, 2017, the Corporation recorded a net loss of $150,695 (2016 – $12,960) consisting of $184,654 in expenses (2016 - $12,960), and $33,959 in gain on change in fair value of derivative liability (2016 – $nil).

Additional Disclosure for Venture Corporations without Significant Revenue

The following table sets forth a breakdown of material components of the general and office costs of the Corporation for the three months ended March 31, 2017 and 2016:

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
Professional fees	$98,487	$11,314
Communication	3,278	1,619
Office and general expenses	38,890	27
	$161,504	$12,960

Liquidity, Capital Resources, and Outlook

As at March 31, 2017, the Corporation had a net working capital deficit of $70,505 as compared to working capital of $80,190 as at December 31, 2016. The Corporation had cash of $632,430 as at March 31, 2017 as compared to cash of $182,730 as at December 31, 2016.

Operating activities used cash of $149,940 during the three months ended March 31, 2017 as compared to $3,367 in the three months ended March 31, 2016. The increase in cash used for operating activities was largely attributable to costs incurred in connection with the Transaction.

Financing activities, consisting of the issuance of convertible debentures in the aggregate principal amount of $600,000 effective February 1, 2017, provided cash of $600,000 during the three months ended March 31, 2017 as compared to $nil for the three months ended March 31, 2016. The debentures bore interest at 10% per annum, with accrued interest and principal payable 12 months from the date of issuance. The entire principal amount of the debentures was converted in full in connection with the completion of the Transaction.

Investing activities, consisting of proceeds from a short-term investment, provided cash of $151,500 in the three months ended March 31, 2017 as compared to $nil for the three months ended March 31, 2016.

Going Concern

Due to the uncertainty of the Corporation’s ability to meet its current operating and capital expenses, in their report on the Corporation’s annual financial statements for the year ended December 31, 2016, the Corporation’s independent auditors included an explanatory paragraph regarding concerns about the Corporation’s ability to continue as a going concern. There is substantial doubt about the Corporation’s ability to continue as a going concern as the continuation of its business is dependent upon our achieving a profitable level of operation. The issuance of additional equity securities could result in a significant dilution in the equity interests of current shareholders, and obtaining debt financing, assuming such financing would be available, will increase the Corporation’s liabilities and future cash commitments.

Off-Balance Sheet Arrangements

There were no off-balance sheet arrangements as at March 31, 2017.

Transactions with Related Parties

As at March 31, 2017, the Corporation had $5,642 due to Paul Barbeau, a former officer and director of the Corporation, for funds advanced to the Corporation (December 31, 2016: $24,568). This amount is non-interest bearing, is due on demand, and has no fixed terms of repayment. There were no other transactions with related parties during the periods ended March 31, 2017 or December 31, 2016.

Changes in Accounting Policies including Initial Adoption

There were no changes in the Corporation's significant accounting policies during the period.

Financial Instruments and Other Instruments

As at March 31, 2017, the Corporation's financial instruments consisted of cash, sundry assets, due to related party, accounts payable and accrued liabilities. It is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments and that the fair value of these financial instruments approximates their carrying values.

Disclosure of Outstanding Share Data

As at May 29, 2017, there were 104,720,081 common shares in the capital of the Corporation outstanding, as well as warrants to acquire an aggregate of 46,817,278 common shares, options to acquire an aggregate of 9,610,951 common shares and broker compensation options to acquire an aggregate of 929,250 common share.

The Corporation also has certain convertible debentures outstanding, as further described in the Corporation's filing statement dated March 31, 2017.

Risks and Uncertainties

The Corporation's common shares are considered speculative. You should carefully consider the following risks and uncertainties in addition to other information in the Company's filing statement dated March 31, 2017 in evaluating the Corporation and its business before purchasing any securities of the Corporation. The market in which the Corporation competes is very competitive and changes rapidly. New risks may emerge from time to time and management may not be able to predict all of them, or be able to predict how they may cause actual results to be different from those expected. References to "ABcann" below refer to the Corporation and all of its direct and indirect subsidiaries, including ABcann Medicinals, as at the date hereof.

Regulatory Risks

The activities of ABcann are subject to regulation by governmental authorities, particularly Health Canada. Achievement of its business objectives is contingent, in part, upon compliance with regulatory requirements enacted by these governmental authorities and ABcann's ability to obtain and retain all necessary regulatory approvals for the production and sale of its products. ABcann cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain, necessary regulatory approvals will significantly delay the development of markets and products, and could have a material adverse effect on the business, results of operations and financial condition of ABcann.

The activities of ABcann outside of Canada present similar risks to those present in the Canadian market. Achievement of business objectives is contingent, in part, upon compliance with regulatory requirements enacted by the local governments in the relevant jurisdictions and ABcann's ability to obtain and retain all necessary regulatory approvals for the production and sale of its products. Any delays in obtaining, or failure to obtain, necessary regulatory approvals will significantly delay the development of markets and products, and could have a material adverse effect on the business, results of operations and financial condition of ABcann outside of Canada.

Change in Laws, Regulations and Guidelines

ABcann's operations are subject to a variety laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of medical marihuana, and laws and regulations relating to health and safety, the conduct of operations and the protection of the environment. While, to the knowledge of ABcann's management, ABcann is currently in compliance with all such laws, changes to such laws, regulations and guidelines may have a material adverse effect on the business, results of operations and financial condition of ABcann.

Reliance on the License

ABcann's ability to grow, store and sell medical marihuana in Canada is dependent on the License. Failure to comply with the requirements of the License, or any failure to maintain the License in good standing, will have a material adverse impact on the business, financial condition and operating results of ABcann. The License is currently due to expire on October 31, 2017. Although ABcann believes it will meet the requirements of the ACMPR for extension of the License, there can be no guarantee that Health Canada will extend or renew the License or, if it is extended or renewed, that it will be extended or renewed on the same or similar terms. Should Health Canada not extend or renew the License, or should it renew the License on different terms, the business, financial condition and results of the operations of ABcann would be materially adversely affected.

Limited Operating History

ABcann Medicinals began carrying on business in 2014, and 2016 is the first year in which it generated revenues from the sale of products. ABcann is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization; cash shortages; limitations with respect to personnel, financial, and other resources; and lack of material revenue. There is no assurance that ABcann will be successful in achieving a return on shareholders' investment, and the likelihood of success must be considered in light of the early stage of its operations.

Reliance on a Single Facility

To date, ABcann's activities and resources have been primarily focused on the Vanluven Facility, located in Napanee, Ontario, and ABcann expects to continue to be focused on operations at the Vanluven Facility for the foreseeable future. Adverse changes or developments affecting the Vanluven Facility, including any maintenance requirements of, or material damage or destruction to, the Vanluven Facility, could have a material and adverse effect on the business, financial condition and prospects of ABcann.

Reliance on Management

The success of ABcann's business is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of key personnel could have a material adverse effect on the business, operating results or financial condition of ABcann.

Factors which may Prevent Realization of Growth Targets

ABcann is currently in the early development stage. ABcann's growth strategy contemplates acquiring additional property, expanding the Vanluven Facility, equipping the Vanluven Facility with additional production resources and developing its proposed Kimmett Facility. There is a risk that this proposed expansion plan will not be achieved on time, on budget, or at all, as it could be adversely affected by a variety of factors, including: delays in obtaining, or conditions imposed by, regulatory approvals; plant design errors; environmental pollution issues; non-performance by third party contractors; increases in materials or labour costs; construction performance falling below expected levels of output or efficiency; breakdown, aging or failure of equipment or processes; contractor or operator errors; labour disputes, disruptions or declines in productivity; inability to attract sufficient numbers of qualified workers; disruption in the supply of energy and utilities; and major incidents and/or catastrophic events, such as fires, explosions, earthquakes or storms.

Additional Financing Requirements

In order to execute its anticipated growth strategy, ABcann will require additional equity and/or debt financing to support on-going operations, to undertake capital expenditures, or to undertake business combination transactions or other initiatives. There can be no assurance that additional financing will be available to ABcann when needed or on terms which are acceptable. ABcann's inability to raise additional financing could limit ABcann's growth and may have a material adverse effect upon its business, operations, results, financial condition or prospects. If additional funds are raised through further issuances of equity or securities convertible into equity, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of common shares of the Corporation. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for ABcann to obtain additional capital and to pursue business opportunities.

Unprofitable Operations

ABcann has incurred losses in recent periods. It may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, ABcann expects to continue to increase operating expenses as it implements initiatives to continue to grow its business. If its revenues do not increase to offset these expected increases in costs and operating expenses, it may not be profitable.

Competition

ABcann faces intense competition from other companies, some of which have longer operating histories and more financial resources and manufacturing and marketing experience. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition and results of operations of ABcann. In addition to existing competitors, because of the early stage of the industry in which ABcann operates, ABcann expects to face additional competition from new market entrants. If the number of users of medical marihuana in Canada increases, the demand for products will increase and ABcann expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, ABcann will require a continued high level of investment in research and development, marketing, sales and client support. ABcann may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis, which could materially and adversely affect the business, financial condition and results of operations of ABcann.

Risks Related to the Agricultural Business

ABcann's business involves the growing of medical marihuana, an agricultural product. As such, the business is subject to the risks inherent in the agricultural business, such as risks related to crop damage from insects, plant diseases and similar agricultural risks. Although ABcann grows its products indoors under climate controlled conditions and carefully monitors the growing conditions with trained personnel, there can be no assurance that natural elements will not have a material adverse effect on the production of its products.

Vulnerability to Rising Energy Costs

ABcann's medical marihuana growing operations consume considerable energy, making ABcann vulnerable to rising energy costs. Rising or volatile energy costs may adversely affect the ability of ABcann to operate profitably.

Product Transportation Cost and Disruptions

ABcann is dependent on fast and efficient courier services for distribution due to the perishable and premium nature of its products. Any prolonged disruption of a courier service could have an adverse effect on the financial condition and results of operations of ABcann. Rising costs associated with the courier services used by ABcann to ship its products may also adversely impact the business of ABcann.

Unfavourable Publicity or Consumer Perception

ABcann believes the medical marihuana industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of medical marihuana. Consumer perception of ABcann's products could be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention, and other publicity regarding the consumption of medical marihuana products, which may not be favourable to the medical marihuana market or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for ABcann's products and the business, results of operations, financial condition and cash flows of ABcann. Adverse publicity or other media attention could arise even if the adverse effects associated with medical marihuana products resulted from consumers' failure to consume such products appropriately or as directed. ABcann's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or having merit, could have a material adverse effect on ABcann, the demand for ABcann's products, and the business, results of operations, financial condition and cash flows of ABcann. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of medical marihuana in general, or ABcann's products specifically, or associating the consumption of medical marihuana with illness or other negative effects or events, could have such a material adverse effect.

Product Liability

As a manufacturer and distributor of products designed to be ingested by humans, ABcann faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of ABcann's products involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of ABcann's products alone or in combination with other medications or substances could occur. ABcann may be subject to various product liability claims, including, among others, that ABcann's products caused injury or illness, included inadequate instructions for use, or included inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against ABcann could result in increased costs, could adversely affect ABcann's reputation with its clients and consumers generally, and could have a material adverse effect on the results of operations and financial condition of ABcann. There can be no assurances that ABcann will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of the potential products of ABcann.

Product Recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects, interactions with other substances, packaging safety, and inadequate or inaccurate labeling disclosure. If any products of ABcann are recalled due to an alleged product defect or for any other reason, ABcann could be required to incur the unexpected expense of such recall and any legal proceedings that might arise in connection with such recall. Further, ABcann may lose a significant number of future sales due to reputational damage, and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although ABcann has detailed procedures in place for testing finished products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of ABcann's products were subject to recall, ABcann's image could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the products of ABcann, and could have a material adverse effect on the results of operations and financial condition of ABcann. Additionally, product recalls may lead to increased scrutiny of ABcann's operations by Health Canada or other regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Reliance on Key Inputs

ABcann's business is dependent on a number of key inputs, including raw materials and supplies related to its growing operations, as well as electricity, water and other local utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the business, financial condition and operating results of ABcann. Further, some of these inputs may only be available from a single supplier or a limited group of suppliers. If a sole source supplier was to go out of business, ABcann might be unable to find a replacement for such source in a timely manner or at all. If a sole source supplier were to be acquired by a competitor, that competitor may elect not to sell to ABcann in the future. Any inability to secure required supplies and services, or to do so on acceptable terms, could have a materially adverse impact on the business, financial condition and operating results of ABcann.

Dependence on Suppliers and Skilled Labour

The ability of ABcann to compete and grow will be dependent on having access, at a reasonable cost and in a timely manner, to skilled labour, equipment, parts and components. No assurances can be given that ABcann will be successful in maintaining its required supply of skilled labour, equipment, parts and components. It is also possible that the expansion plan contemplated by ABcann may be significantly greater than anticipated by ABcann's management and/or may cost more than the funds available to ABcann, in which circumstance ABcann may curtail, or extend the timeframes for completing, its expansion plan. This could have a material adverse effect on the financial results and operations of ABcann.

Limitations on Forecasting

ABcann must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources given the early stage of the medical marihuana industry in Canada. If expected demand for its products fails to materialize due to competition, technological change or other factors, the business, results of operations and financial condition of ABcann could be materially adversely affected.

Variable Revenues and Earnings

The revenues and earnings of ABcann may fluctuate from quarter to quarter, which could affect the market price of the Corporation's common shares. Revenues and earnings may vary quarter to quarter as a result of a number of factors, including, among other things: the timing of releases of new products; the timing of sales orders or deliveries; activities of ABcann's competitors; possible delays in the production or shipment of products; concentration in its customer base; possible delays or shortages in critical inputs; or transition periods associated with the migration to new production methods. Any of the foregoing factors could cause significant variations to ABcann's revenues, gross margin and earnings in any given quarter.

Operating Risk and Insurance Coverage

ABcann has insurance to protect its assets, operations and employees. While ABcann believes its insurance coverage adequately addresses material risks to which it is exposed and is at a level customary for its current state of operations, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which ABcann is exposed. In addition, no assurance can be given that such insurance will be adequate to cover ABcann's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If ABcann were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if such liability was incurred at a time when they are unable to obtain liability insurance, the business, results of operations and financial condition of ABcann could be materially adversely affected.

Management of Growth

ABcann may be subject to growth-related risks, including capacity constraints and pressure on internal systems and controls. The ability of ABcann to manage growth effectively will require it to continue to implement and improve its operational and financial systems, and to expand, train and manage its employee base. The inability of ABcann to deal with this growth may have a material adverse effect on the business, financial condition, results of operations and prospects of ABcann.

TSXV Restrictions on Business

The Corporation has undertaken to the TSXV that it will only conduct the business of the production, sale and distribution of medicinal marihuana in Canada pursuant to one or more licenses issued by Health Canada in accordance with applicable law, unless prior approval is obtained from the TSXV. This could adversely effect ABcann’s ability to expand its business into other areas and may prevent ABcann from expanding into new areas of business when ABcann’s competitors that are not listed on the TSXV may not have such restrictions. Such restrictions could materially and adversely affect the growth, business, financial condition and results of operations of ABcann.

Conflicts of Interest

Certain of the directors and officers of ABcann are also directors and officers of other companies, and conflicts of interest may arise between their duties as officers and directors of ABcann and as officers and directors of such other companies.

Litigation

ABcann may become party to litigation from time to time in the ordinary course of business which could adversely affect their business. Should any such litigation be determined against ABcann, such a decision could adversely affect their ability to continue operating and the market price for the Corporation’s common shares. Even if successful, such litigation would require ABcann to expend significant time and money.

Share Price Fluctuations

The market price of the Corporation’s common shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of ABcann; divergence in financial results from analysts’ expectations; changes in earnings estimates by stock market analysts; changes in ABcann’s business prospects; general economic conditions; legislative changes; and other events and factors outside of ABcann’s control. In addition, stock markets have, from time to time, experienced extreme price and volume fluctuations, which could adversely affect the market price for the common shares.

Dividends

ABcann has no earnings or dividend record, and does not anticipate paying any dividends on the Corporation’s common shares in the foreseeable future. Dividends paid would be subject to tax and, potentially, withholdings.

Cyber Security Risks

ABcann relies on certain internal processes, infrastructure and information technology systems to efficiently operate its business in a secure manner, including infrastructure and systems operated by third parties. The inability to continue to enhance or prevent a failure of these internal processes, infrastructure or information technology systems could negatively impact ABcann’s ability to operate its business. Cyber-attacks or other breaches of network or IT systems security may cause disruptions to its operations. A major security breach could result in the loss of critical data, theft of intellectual property, disclosure of confidential information, customer claims and litigation, reduced revenues due to business interruption, costs associated with remediation of infrastructure and systems, class action and derivative action lawsuits and damage to ABcann’s reputation. Furthermore, the prevalence and sophistication of these types of threats are increasing, ABcann’s security measures may not be sufficient to prevent the damage that such threats can inflict on ABcann’s assets and information, and ABcann’s insurance may not be adequate to fully cover applicable costs and losses.

Environmental and Employee Health and Safety Regulations

ABcann’s operations are subject to environmental and safety laws and regulations concerning, among other things, emissions and discharges to water, air and land; the handling and disposal of hazardous and non-hazardous materials and wastes; and employee health and safety. ABcann expects to incur ongoing costs and obligations related to compliance with environmental and employee health and safety matters. Failure to comply with environmental and safety laws and regulations may result in additional costs for corrective measures, penalties or restrictions on its manufacturing operations. In addition, changes in environmental, employee health and safety or other laws, more vigorous enforcement thereof, or other unanticipated events, could require extensive changes to ABcann’s operations or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of ABcann.

Other Information

The board of directors of the Corporation has approved the disclosure contained in this MD&A. Additional information about the Corporation is available on SEDAR at www.sedar.com.