Management Discussion and Analysis

For the nine months ended June 30, 2014

This management's discussion and analysis ("MD&A") focuses on significant factors that affected Abattis Bioceuticals Corp. ("Abattis" or the "Company") for the nine months ended June 30, 2014 and to the date of this report.

This MD&A is prepared in conformity with National Instrument 51-102F1. The MD&A should be read in conjunction with the audited consolidated financial statements for the year ended September 30, 2013, prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), as well as the un-audited condensed consolidated interim financial statements for the three and nine months ended June 30, 2014, prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting ("IAS 34"). This MD&A complements and supplements, but does not form part of the Company's condensed consolidated interim financial statements.

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

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

This MD&A has been prepared as of August 29, 2014.

FORWARD-LOOKING INFORMATION

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

Statements regarding the adequacy of cash resources to carry out the Company's business plan or the need for future financing are forward-looking statements. All forward-looking statements, including those not specifically identified herein, are made subject to cautionary language on page 20 of this MD&A. Readers are advised to refer to the cautionary language when reading any forward-looking statements.

OVERVIEW

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

Abattis Bioceuticals Corp. is a specialty biotechnology company with capabilities, through its wholly owned subsidiaries, of producing, licensing and marketing proprietary ingredients and formulas for use in the Medical Marijuana, BioPharma, Neutraceutical, Cosmetic and Animal Nutrition markets. The Company's strategic plan entails a fully integrated bioceutical company that cultivates, extracts, develops and markets proprietary, natural health and wellness products derived from Cannabis that address unmet health and wellness needs and chronic illnesses through targeted nutritional and medicinal support. It has a deep pipeline of proprietary products ready for sale in high growth areas of the Functional Foods and Supplements business. The Company's wholly owned subsidiaries have the capacity to refine and bring to market a portfolio of proprietary neutraceutical formulations of botanical agents with a demonstrated ability to inhibit the growth of, and reduce the severity and duration of, various strains of human influenza and other viral diseases. Continuing research is being conducted by the Company. The Company has identified targeted channels, to market and license proprietary patent pending antiviral products, throughout the world. The Company's head office is located at Suite 1040 – 855 West Georgia Street, Vancouver, British Columbia, V6C 3H1, and the Company's Canadian operating facility is located at 104 - 9295 198th Street, Langley, BC.

HISTORY

On April 16, 2009, the Company entered into an agreement with PRB Pharmaceuticals, Inc. ("PRB") and Pacific Bio-Pharmaceuticals, Inc. ("Pacific Bio") for the purchase of their interest in patents and intellectual property related to antiviral products designed to prevent avian influenza in humans and poultry. The Company issued 5,000,000 (pre-consolidation 25,000,000) common shares and assigned a value of $500,000 for this acquisition. The shares issued by the Company have been distributed by PRB and Pacific Bio to the shareholders of those companies.

The Antiviral formulations were developed and designed to inhibit growth over multiple segments of the influenza virus life cycle - viral binding, encoding, replication, and release. To date, the Company's research has shown the formulations to be highly effective in reducing the severity and duration of influenza illness symptoms in humans. The Company has retained the influenza assets, but is looking for the most effective way to exit the business given the change in strategic focus.

The Company also plans to build its business by utilizing its proprietary technologies to produce and deliver highly effective phyto-compounds for use in neutraceuticals, topical crèmes, medical foods, botanical drugs and pharmaceuticals. It will deploy the current and future intellectual property by out-licensing to strategic companies with an established customer base. In Canada more emphasis will be put on a strong patient acquisition strategy and the products out-licensed to the US markets will be sold direct to patients in Canada.

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

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

In March 2012 the company acquired Animo Wellness Corporation which owns 77 Natural Health Product Licences issued by Health Canada. These range from (A) Aloe Vera to (Z) Zinc. On July 23 2012, the Company held its AGM and the Compay's shareholders approved a 5:1 reverse split, and the acquisition of proprietary Flash Freeze Extraction Equipment as well as a large portfolio of natural health product internet domain names. The Company changed its name to more accurately reflect the nature of its business of bioceuticals and botanical drugs from Abattis Biologix Corp. to Abattis Bioceuticals Corp.

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

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

HIGHLIGHTS AND PERFORMANCE SUMMARY

- On October 31, 2013, the Company submitted its application to Health Canada to become a licensed producer under the new Marihuana for Medical Purposes ("MMPR") Regulations. In order to be granted a producer license from Health Canada, an applicant must have a facility that conforms to government regulations concerning security, cleanliness, traceability, as well as a workforce that has passed an enhanced security screening. In addition to its existing proposed facilities, the Company continues to pursue additional financially viable locations and partnerships that offer synergies and opportunities for growth.
- On November 5, 2013, the Company presented its Vertical Growing Technology to Arcview Group in Seattle, Washington, which was well received by some of the top executives in the American medical marijuana business.

- On November 13, 2013, the Company filed an international PCT patent application on its novel supplement technology that increases nitric oxide levels of tissue in mammalian patients.
- On November 19, 2013, the Company announced the appointment of Mr. Rene David as its Chief Financial Officer ("CFO") and Chief Operating Officer ("COO"). Mr. Rene David has been valuable in helping the Company recent milestones and his vast business experience will be invaluable as the Company moves into the approval stages of the Health Canada licenses.
- On December 6, 2013, the Company issued 3,500,000 common shares with a fair value of $87,500 to settle a trade payable of $105,000 with the CEO of the Company.
- On December 11, 2013, the Company extended the expiry date of 2,100,000 share purchase warrants previously issued on December 12, 2012 from December 12, 2013 to December 12, 2014.
- On December 18 2013, the Company's wholly owned subsidiary, Animo Wellness Corporation doing business as Medical Marijuana Labs ("MMLC"), signed a five year lease with PurGenesis Technologies, Inc. for the lease of approximately 5,000 square feet of lab and production space at a cost of $120,000 in annual gross rent.
- On December 23, 2013, Northern Vine Canada Inc. submitted its application to Health Canada to obtain a Controlled Substance License for handling, analytics and extraction of Marihuana. On February 20, 2014, the application was reviewed and assessed by the Office of Controlled Substances of Health Canada and there were only three deficiencies in the application that needed to be addressed.
- On January 16, 2014, the Company was added to The Marijuana Index ™. The index's website, mmj-index.com, states: "The Marijuana Index ™ (AKA 'The Medical Marijuana Index ™' or 'The Cannabis Index') is the first and only registered equity tracking index which monitors the performance, news and general pulse of qualified marijuana stocks or cannabis stocks."
- On January 16, 2014, the Company issued 625,000 common shares with a fair value of $31,250 to settle a trade payable of $31,250 with the CFO of the Company.
- On January 28, 2014, the Company issued 1,500,000 common shares with a fair value of $210,000 to settle a trade payable of $75,000 with the CEO of the Company.
- On February 5, 2014, the Company was notified by the U.S. Patent and Trademark Office that certain claims of its patent pending method for treating and reducing the risk of avian influenza in poultry were allowable. The resulting patent is expected to be issued in the 4th quarter of 2014.
- On February 11, 2014, the Company completed a non-brokered private placement of 1,200,000 units at a price of $0.05 per unit for gross proceeds of $600,000. Each unit consists of one common share and one-half share purchase warrant of the Company. Each share purchase warrant entitles the holder to purchase one additional common share at a price of $0.10 per share for a period of one year.
- On February 21, 2014, the Company, through its wholly owned subsidiary, Biocube Green Grow Systems Corp., which was incorporated on February 12, 2014, acquired five-year Exclusive World Wide Distribution Rights to Jiangsu Jiahui New Material Co Ltd.'s innovative MgO ("Magnesium Oxide") products for use in any building or facility designed to cultivate botanicals. The Company paid 100,000 shares as consideration and 10,000 common shares as a finder's fee. Total fair value of these 110,000 common shares was $18,700.
- On March 12, 2014, the Company through its wholly owned subsidiary, Biocube Green Grow Systems Corp., acquired all of the organic and hydroponic fertilizer and nutritional formulas owned by Green-Gro Garden Products Ltd. for consideration of 300,000 common shares and 15,000 common shares as finder fees. Total fair value of the 315,000 common shares was $252,000.
- On March 12, 2014, the Company sent its newly designed BioCube drawings to China to have its first order manufactured.

- On March 17, 2014, the Company completed a non-brokered private placement of 5,333,331 units at a price of \$0.45 per unit for gross proceeds of \$2,399,999. Each unit consists of one common share and one share purchase warrant of the Company to purchase one additional common share at a price of \$0.50 per share for a period of 18 months, subject to acceleration terms.
- On March 31, 2014, the Company incorporated a wholly owned subsidiary Abattis Bioceuticals International Inc. in the United States.
- On April 1, 2014, the Company issued 43,440 common shares to a law firm, of which a director is a one-third partner, to settle a trade payable of US \$62,554.
- On April 7, 2014, the Company retained TDM Financial as its full service investor relations firm. Pursuant to the agreement, the Company will pay US \$25,000 consulting fee in common shares to TDM Financial.
- On April 7, 2014, the Company acquired a 51% membership interest in Phytalytics LLC in exchange for a cash payment of US\$20,000 (\$22,196) to Phytalytics LLC. In addition, the Company issued 827,657 common shares to consultants of Phytalytics LLC that had a fair value of \$579,360. This fair value of the shares issued had been classified as compensation to the consultants in the future periods. On May 13, 2014 Phytalytics LLC opened an analytical laboratory in Kirkland, WA.
- On April 8, 2014, the Company incorporated another subsidiary National Access Pharmacy Corp. in Canada.
- On April 10, 2014, the Company, through its wholly owned subsidiary, Northern Vine Canada Inc. ("Northern Vine"), entered into a share exchange agreement with Experion Biotechnologies Inc. ("Experion"), whereby Experion and Northern Vine exchanged 25% of each parties' issued and outstanding common shares. Abattis maintains a 75% ownership in Northern Vine. Experion is located in Greater Vancouver and is nearing the completion of its Marijuana for Medical Purposes Regulations "MMPR" licence application with Health Canada.
- On April 28, 2014, 40,000 warrants were exercised for \$10,000 in cash.
- On April 30, 2014, the Company issued 33,669 common share at deemed price of \$0.99 per share as consideration for services provided from two consulting agreements with arm's length parties.
- On April 30, 2014, the Company, through its wholly owned subsidiary, Abattis Bioceuticals International Inc., acquired 34% interest in Instant Payment Systems LLC ("IPS"), a U.S. entity based in Washington State, in consideration for 200,000 common share at a deemed price of \$1.15 per share and \$100,000 cash. Under the terms of the agreement, Abattis will receive a 60% economic interest with the responsibility of being the marketing and sales arm of the organization.
- On May 16, 2014, the Company changed auditors to MNP LLP, Chartered Accountants.
- On May 26, 2015, the Company leased a 16,200 square foot facility zoned for medical marijuana near Vancouver, BC, with the potential to expand up to 254,000 square feet. The facility was leased from Crimson Opportunities Ltd., which is owned by the Company's CFO. Until it secures a license, the Company will use the facility to manufacture and warehouse its proprietary Biocube systems.
- On June 19, 2014, the shareholders re-elected the previous Board of Directors, and added two new directors: Mr. William Fleming and Mr. Emanuel Montenegrino.
- On June 23, 2014, the Company announced that its International Patent Application for refining the optimum natural sources of nitric oxide in the human body had been published and was publicly available for inspection.
- During the nine months ended June 30, 2014, 5,619,100 incentive stock options with an estimated fair value of \$4,915,287 were granted by the Company to certain directors, officers and consultants of the Company to purchase up to an aggregate of 5,619,100 common shares of the Company.

Overall strategy

Medical marijuana laws have changed in the US and laws are being confirmed in Canada. New markets are continually opening up, and there is a massive need to develop, as plant-based phyto compounds appear to be in huge demand globally. Pharma companies have patents expiring and the Abattis/Vertical capabilities create solutions to these market needs. 2013 was another milestone year for Abattis in its pursuit of becoming the world's first fully integrated bioceutical company and it brings the Company another step closer to implementing the Company's **G**row, **D**ry, **E**xtract, **R**efine and **S**ell (**GDERS**) model.

Moreover, continuing research and development is being conducted by the Company while it is preparing and filing MMPR license applications. The Company recognizes the newly emerging opportunity in connection with medical marijuana and further integrates it into the Company's overall botanical strategy. As the regulatory environment in Canada and in the US on Cannabis changed during this reporting period, the Company, with its research team and growing equipment, and proprietary extraction equipment, the Company has the ability to be a leader in the medical marijuana industry worldwide. The recent acquisition of exclusive worldwide rights to patent pending proprietary technologies to produce and deliver highly effective phyto-compounds for use in neutraceuticals, topical crèmes, medical foods, botanical drugs and pharmaceuticals complements the Company's emerging strategy with respect to medical marijuana. The management's expertise enables the Company to produce bio-pharma proteins and compounds to meet all federal regulations and laws.

Abattis will now control its own proprietary and pending patented products from seed to producing finished product at facilities owned by its wholly-owned subsidiary, Northern Vine Canada Inc. The Company believes this gives the Company a competitive edge in the markets that the Company has identified. The Company can ensure control in the supply chain and traceability at a Drug and Pharma level for its ingredients and finished products. The Company plans to target expansion of turn-key operations throughout Canada and the USA.

The Company has identified several other botanicals as candidates to produce. These include rose periwinkle for leukemia, anemia malaria, and for serotonin and melatonin.

SELECTED ANNUAL FINANCIAL INFORMATION

The Company's Consolidated Financial Statements for the years ended September 30, 2013 and September 30, 2012 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

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

	For the years ended		
	September 30, 2013	**September 30, 2012**	**September 30, 2011**
Statements of Financial Position:			
	$	$	$
Cash	5,327	5,499	5,866
Intangible assets	1,074,161	752,964	678,165
Total assets	1,629,346	1,325,025	718,062
Total liabilities	1,071,329	701,558	127,462
Shareholders' equity	558,017	623,467	590,600

	For the years ended		
	September 30, 2013	September 30, 2012	September 30, 2011
Statements of Net Loss and Comprehensive Loss:			
Total revenue	$ 17,448	$ -	$ -
Research expenditure	123,559	124,308	424,591
Total operating expenses	1,049,151	1,016,571	1,610,510
Other expenses (income)	58,982	(24,182)	(192,505)
Net loss and comprehensive loss	1,102,491	992,389	1,418,005
Basic and diluted loss per common share	0.04	0.09	0.14

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

RESULTS OF OPERATIONS

Three Months Ended June 30, 2014 compared with Three Months Ended June 30, 2013

The Company incurred a net loss and comprehensive loss, excluding the share-based payments of $nil, of $889,765 during the three months ended June 30, 2014 an increase of $629,920 when compared with the loss of $259,845, excluding the share-based payments of $ 14,681, for the three months ended June 30, 2013. The increase in net loss is primarily the result of the increase in the followings expenses during the three months ended June 30, 2014:

	For the three months ended		Change	
	June 30, 2014	June 30, 2013	$	%
Advertising	$ 154,645	$ 13,720	$ 140,925	1,027.15%
Legal fees	$ 201,666	$ 30,481	$ 171,185	561.61%
Management and consulting fees	$ 294,647	$ 83,868	$ 210,779	251.32%
Office and general administration	$ 131,763	$ 31,554	$ 100,209	317.58%

- Adverting expenses increased by $140,925 to $154,645 for the three months ended June 30, 2014, from $13,720 for the three months ended June 30, 2013. This increase is primarily due to additional work performed by the Company to promote the natural health products designed by the Company and additional work performed by the Company to improve investor relationship during the three months ended June 30, 2014.
- Legal fees increased by $171,185 to $201,666 for the three months ended June 30, 2014, from $30,481 for the three months ended June 30, 2013. This increase is primarily due to the additional service provided in respect of the acquisitions, issuance of stock options and the incorporation of new subsidiaries during the three months ended June 30, 2014.
- Management and consulting fees increased by $210,779 to $294,647 for the three months ended June 30, 2014, from $83,868 for the three months ended June 30, 2013. This increase is primarily due to an increase in business activities.
- Office and general administration increased by $100,209 to $131,763 for the three months ended June 30, 2014, from

$31,554 for the three months ended June 30, 2013. This increase is primarily due to the increase in office supplies and travel expenses which were used to supports the increase in business activities.

Nine Months Ended June 30, 2014 compared with Nine Months Ended June 30, 2013

The Company incurred a net loss and comprehensive loss, excluding share-based payments of $4,915,287, of $1,672,514 during the nine months ended June 30, 2014 an increase of $895,016 when compared with the loss of $777,498, excluding share-based payments of $128,631, for the nine months ended June 30, 2013. The increase in net loss is primarily the result of the increase in the followings expenses during the nine months ended June 30, 2014:

	For the nine months ended				Change	
	June 30, 2014		June 30, 2013		$	%
Advertising	$	200,285	$	50,413	$ 149,872	297.29%
Legal fees	$	366,066	$	129,706	$ 236,360	182.23%
Management and consulting fees	$	540,670	$	240,845	$ 299,825	124.49%

- Adverting expenses increased by $149,872 to $200,285 for the nine months ended June 30, 2014, from $50,413 for the nine months ended June 30, 2013. This increase is primarily due to additional work performed by the Company to promote the natural health products designed by the Company and additional work performed by the Company to improve investor relationship during the nine months ended June 30, 2014.
- Legal fees increased by $236,360 to $366,066 for the nine months ended June 30, 2014, from $129,706 for the nine months ended June 30, 2013. This increase is primarily due to the additional service provided in respect of the acquisitions, issuance of stock options and incorporations of new subsidiaries during the nine months ended June 30, 2014.
- Management and consulting fees increased by $299,825 to $540,670 for the nine months ended June 30, 2014, from $240,845 for the nine months ended June 30, 2013. This increase is primarily due to an increase in business activities.

Share-based payments

Share-based payments were $4,915,287 for the nine months ended June 30, 2014 compared to $128,631 for the nine months ended June 30, 2013. During the nine months ended June 30, 2014, the Company granted 5,619,000 (June 30, 2013 – 2,290,000) share options to certain directors, officers and consultants with fair value of $4,915,287 (June 30, 2013 – $131,429) which were recognized as share-based payments during the nine months June 30, 2014 (June 30, 2013 – $128,631).

The Company cancelled 2,613,100 options which were granted during the nine months with a fair value of $4,527,003. No adjustments on the share-based payments were made on the cancelled options as it is not permitted by the accounting standard *IFRS 2 - Share-Based Payment*.

The Company determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the share price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance.

The increase in share-based payments during the nine months ended June 30, 2014 compared to the nine months ended June 30, 2013 is primarily due to the increase in number of options granted, the increase in share price and volatility of the share price of the Company.

During the nine months ended June 30, 2014, the shares of the Company were trading with a range from $0.01 (low) to $2.78 (high) (June 30, 2013 – from $0.05 (low) to $0.29 (high)). The increase in share price resulted in a higher fair value of the options granted. In additional the volatility of the share price of the Company during the nine months ended June 30, 2014 was 301.29% compared to 189.95% for the nine month ended June 30, 2013. The increase in the volatility of the share price of the Company also resulted in a higher calculated fair value of the options granted.

As the share price and the volatility of the share price of the Company increased during the nine months ended June 30, 2014 compared to the nine months ended June 30, 2013, the fair value per option granted during the nine months June 30, 2014 ranged from $0.06 to $2.05 compared to $0.04 to $0.16 for the nine months ended June 30, 2013.

Intangible Assets

From April 16, 2009 to June 30, 2014, the Company acquired intangible assets with a total estimated fair value of $1,475,342 at the time of acquisition. During the year ended September 30, 2013, the Company abandoned the patent application relating to a method for preventing and treating avian influenza in humans. The original cost of this application was $250,000. At June 30, 2014, there are no indications that existing intangible assets of the Company are impaired.

				Consideration	
Acquisition Date	**Items**	**Vendor Name**	**Fair Value**	**Share issued**	**Cash paid**
April 16, 2009	Patents	PRB and Pacific Bio	$ 500,000	5,000,000	$ -
May 17, 2011	Formulae	Dr. Samuel Brant LLC	125,000	200,000	-
May 17, 2011	Formulae	Biocell Labs	125,000	200,000	-
February 29, 2012	Licenses (77 NPNs)	Animo Wellness Corporation	50,000	100,000	25,000
July 10, 2012	Licenses (1 NPN)	-	3,188	-	3,188
August 15, 2012	Licenses (16 NPNs)	Sci Natural Wellness Corporation	56,000	-	56,000
August 15, 2012	Licenses (11 NPNs)	Northern Vine Canada Inc	7,143	-	-
December 27, 2012	Rights to the Bio-Pharma patent license	Vertical Designs Ltd.	500,000	6,000,000	-
March 28, 2013	Formulae	Dr. Paula Brown	78,000	400,000	-
September 30, 2013	Patents - abandoned	PRB and Pacific Bio	(250,000)	-	-
February 24, 2014	Rights - innovative MgO products	Jiangsu Jiahui New Material Co. Ltd.	18,700	110,000	
March 12, 2014	Formulae	Green-Gro Garden Products Ltd.	252,000	315,000	
May 20, 2014	Licenses	Katheen Martin	51	-	51
June 9, 2014	Patent	Gaia Water Ltd.	2,000	-	2000
June 30, 2014	Formulas	-	5,840		5,840
June 30, 2014	Licenses	-	2,420		2,420
Total			$ 1,475,342	12,325,000	$ 94,499

During the nine months ended June 30, 2014, the Company recorded amortization expense of $49,713 (June 30, 2013 – $ 48,273).

SUMMARY OF QUARTERLY RESULTS

As at:	Cash	Intangible Assets	Total Assets	Shareholders' Equity
June 30, 2014	$ 625,481	$ 1,305,459	$ 5,629,849	$ 4,918,530
March 31, 2014	450,106	1,312,913	6,080,972	4,844,282
December 31, 2013	3,860	1,058,540	1,599,112	402,436
September 30, 2013	5,327	1,074,161	1,629,346	558,017
June 30, 2013	1,718	1,282,691	1,836,252	776,102
March 31, 2013	18,441	1,400,050	1,961,816	1,024,070
December 31, 2012	7,390	1,340,686	1,870,480	1,106,205
September 30, 2012	5,499	752,964	1,325,025	623,467

For the three months ended:	Revenue	Research expenditure	Net loss and other comprehensive loss	Basic and diluted loss per common share	Weighted average number of common shares
June 30, 2014	$ -	$ 29,752	$ (889,765)	$ (0.01)	$ 58,528,908
March 31, 2014	-	26,427	(5,454,955)	(0.13)	42,535,898
December 31, 2013	-	26,180	(243,081)	(0.01)	29,535,181
September 30, 2013	628	28,962	(156,359)	(0.01)	26,066,009
June 30, 2013	16,820	38,215	(274,526)	(0.01)	28,487,940
March 31, 2013	-	34,970	(368,462)	(0.01)	27,231,484
December 31, 2012	-	21,412	(303,144)	(0.02)	20,114,928
September 30, 2012	-	78,409	(464,462)	(0.04)	11,809,951

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

- Accounting and audit fees were higher in Q4/2013 and Q2/2014 due to increase of business activities performed by the Company.
- Advertising costs were higher in Q2/2013, Q4/2013, Q1/2014, Q2/2014 and Q3/2014 than other quarters due to an increase in product promotion and an increase of investor relationship activities performed by the Company.
- Domain names with an estimated fair value of $136,364 were acquired by the Company in Q4/2012 and expensed in this quarter.
- Legal fees were higher in Q2/2013, Q2/2014 and Q3/2014 than other quarters due to increased activities with respect to the business combination with Northern Vine Canada Inc. proposed acquisitions, issuance of stock options and incorporation of new subsidiaries.
- Management and consulting fees were higher in Q4/2012, Q2/2014 and Q3/2014 primarily due to increase of business activities performed by the Company.
- Share-based compensation of$4,915,287 was recognized in Q2/2014 in respect of 5,619,000 options granted to executive officers, directors, and consultants. No such share-based compensation was recognized in Q3/2014.
- In Q4/2013, the Company abandoned the patent application relating to a method in preventing and treating avian influenza in humans, purchased in 2009 and recognized a loss of $189,489.
- In Q4/2013, the Hensley Group advised the Company that the $205,000 payable was no longer due. Therefore, the Company reversed the payable and recorded a gain of $132,013 on cancellation of trade payables.

  In Q2/2014, the Company recognized a $135,000 loss on settlement of trade payables.

RESEARCH COSTS

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

For the three months ended:		Canada		United States		Total
June 30, 2014	$	13,864	$	15,888	$	**29,752**
March 31, 2014		2,596		23,831		**26,427**
December 31, 2013		3,500		22,680		**26,180**
September 30, 2013		6,524		22,438		**28,962**
June 30, 2013		15,950		22,265		**38,215**
March 31, 2013		13,050		21,920		**34,970**
December 31, 2012		-		21,412		**21,412**
September 30, 2012		11,809		66,660		**78,469**

GENERAL AND ADMINISTRATION EXPENSES

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

For the three months ended:		Rent		Office supplies		Salary and wages		Others		Travel		Total
June 30, 2014	$	7,158	$	52,572	$	1,422	$	5,693	$	34,854	$	**101,699**
March 31, 2014		7,829		1,032		-		8,741		550		**18,152**
December 31, 2013		7,497		2,481		-		2,557		336		**12,871**
September 30, 2013		7,871		2,481		-		1,195		1,231		**12,778**
June 30, 2013		7,395		559		9,971		10,306		3,323		**31,554**
March 31, 2013		7,384		-		10,421		3,795		1,011		**22,611**
December 31, 2012		7,384		856		22,644		1,750		215		**32,849**
September 30, 2012		6,256		928		12,576		3,741		3,387		**26,888**

LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2014, the Company had a cash balance of $625,481 (September 30, 2013 - $5,327). During nine months ended June 30, 2014, cash used for operating activities was $1,289,057 (June 30, 2013 – $228,866); $4,205,005 was received from financing activities (June 30, 2013 – $230,180), and cash used for investing activities was $2,295,794 (2013 - $5,095).

The Company continues to utilize its cash resources to fund its administrative requirements and product development. As the Company does not currently generate revenue, cash balances, unless replenished by capital fundraising, will continue to decline as funds are utilized to conduct its operations.

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

The financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. If the Company is unable to obtain sufficient funding, the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern will be in significant doubt. The Company has incurred $11,215,225 in losses from inception including a net loss of $6,587,801 for the nine months ended June 30, 2014 (June 30, 2013 - $671,605), and has a working capital of $2,740,121 as at June 30, 2014 (September 30, 2013 – working capital deficiency of $999,440).

FINANCIAL INSTRUMENTS

As at June 30, 2004, the Company's financial instruments are comprised of cash, term deposits, trade and other receivables, trade and other payables and advance payable. The Company's financial instruments are exposed to certain risks, which include credit risk, interest rate risk and liquidity risk.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's cash and term deposits are on deposit at major financial institutions and its trade and other receivables consist entirely of refundable taxes due from the government of Canada. The Company has an investment policy governing the purchase of short-term investments and issuance of short-term loans. The Company monitors these investments on a regular basis. The investment policy contains objectives for the purchase of investments including preservation of capital, liquidity and return, as well as specifying minimum credit ratings for investments, types of permitted investments and diversification requirements. The Company's investment policy is periodically reviewed by the Company's Audit Committee. As such, the Company considers this risk to be minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Trade and other payable, interest payable, short-term loan and advance payable are due within the current operating period. The Company manages liquidity risk through the management of its capital structure.

Market risk

Market risk consists of interest rate risk, foreign currency risk and other price risk. The Company is exposed to financial risk related to fluctuations in foreign exchange rates. Foreign currency risk is limited to the portion of the Company's business transactions denominated in currencies other than the Canadian Dollar. The Company has not entered into any foreign currency contracts to mitigate this risk, but manages the risk by minimizing the value of financial instruments denominated in foreign currency.

Interest rate risk consists of two components:

- To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
- To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

Current financial assets and financial liabilities are generally not exposed to interest rate risk because of their short term to maturity.

OUTSTANDING COMMON SHARE DATA

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

At June 30, 2014, there were 62,759,856 issued and fully paid common shares

Subsequent to June 30, 2014:

- On July 22, 2014, the Company granted 2,438,100 stock options to certain of its directors, officers and consultants, with each option being exercisable into a common share of the Company at $0.64 per share for a period of five years.
- On August 1, 2014, 33,333 common shares issued with a deemed value of $14,000 for consulting services.
- On August 1, 2014, 24,000 common shares issued to Brazos Minshew, the President of BioCell Labs.
- On August 5, 2014, 24,000 shares were issued to Kodiak (See "Events After The Reporting Date").
- On August 13, 2014, the Company granted 455,000 stock options to certain of its directors, officers and consultants, with each option being exercisable into a common share of the Company at $0.43 per share for a period of five years.
- 1,060,000 options were exercised for proceeds of $196,600.
- 468,500 warrants were exercised for proceeds of $78,375.
- 97,240 common shares issued with a deemed value of US$50,000 to TDM Financial for investor relations services provided to the Company.

As at the date of this MD&A, the Company has 64,686,389 common shares issued and outstanding, 5,343,100 share purchase options outstanding and 7,953,831 share purchase warrants outstanding. On a fully diluted basis, 77,983,320 common shares were outstanding.

TRANSACTIONS WITH RELATED PARTIES

Management transactions

Management transactions with related parties during the nine months ended June 30, 2014 and 2013 were as follows:

	For the nine months ended June 30, 2014			For the nine months ended For the nine months ended		
	Short-term employee benefits	**Share-based compensation**	**Total**	Short-term employee benefits	Share-based compensation	Total
Mike Withrow (i)	**$ 140,588**	**$ 2,316,378**	**$ 2,456,966**	$ 105,000	$ 14,549	$ 119,549
Rene David (ii)	**85,029**	**730,841**	**815,870**	-	-	-
	$ 225,617	**$ 3,047,219**	**$ 3,272,836**	$ 105,000	$ 14,549	$ 119,549

i. Mike Withrow is the President and CEO of the Company. During the nine months ended June 30, 2014 1,650,000 stock options (June 30, 2013 – 390,000), with an estimated fair value of $2,316,378 (June 30, 2013 – $14,549) were granted by the Company to Mr. Withrow and Chiron Capital Inc., a company controlled by Mr. Withrow. During the nine months ended June 30, 2014, 5,000,000 common shares (June 30, 2013 – 747,500), with an estimated fair value of $297,500 (June 30, 2013 – $97,600), were issued by the Company to Mr. Withrow to settle a trade payable of $180,000 (June 30, 2013 – $68,988). During the nine months ended June 30, 2014, 390,000 options were exercised by Mr. Withrow. As at June 30, 2014, $37,108 due to Mr. Withrow was included in trade and other payables (September 30, 2013 – $142,344).

ii. Rene David is the Chief Financial Officer ("CFO") and Chief Operating Officer ("COO") of the Company. During nine months ended June 30, 2014, 1,130,000 (June 30, 2013 – nil) stock options with an estimated fair value of $730,841 (June 30, 2014 – $nil) were granted by the Company to Crimson Opportunities Ltd., a company controlled by Mr. David. During the nine months ended June 30, 2014, 625,000 common shares (June 30, 2014 - nil), with an estimated fair value of $31,250 (June 30, 2014 – $nil) were issued by the Company to Crimson Opportunities Ltd. to settle a trade payable of $31,250 (June 30, 2014 – $nil). At June 30, 2014, $12,592 due to Mr.

iii. David and Crimson Opportunities Ltd. was included in trade and other payables (September 30, 2013 – $nil).

Transactions with related parties have been in the normal course of operations and, in management's opinion, undertaken on the same terms and conditions as transactions with unrelated parties. These costs are measured at exchange amounts agreed upon by the parties.

Directors' transactions

	For the nine months ended June 30, 2014			For the nine months ended For the nine months ended		
		Share-based			Share-based	
	Consulting fees	compensation	Total	Consulting fees	compensation	Total
Terence Fealey (i)	$ 69,332	$ -	$ 69,332	$ 72,885	$ 2,798	$ 75,683
	$ 69,332	$ -	$ 69,332	$ 72,885	$ 2,798	$ 75,683

i. Mr. Fealey is a director of the Company. During the nine months ended June 30, 2014, nil stock options (June 30, 2013 – 75,000, with an estimated fair value of $2,798) were granted by the Company to Mr. Fealey. At June 30, 2014, $190,857 due to Mr. Fealey was included in trade and other payables (September 30, 2013 – $118,302).

ii. During the nine months ended June 30 2014, a law firm, of which a director is a one third partner, provided legal services totaling $38,016 (June 30, 2013 – $23,688) to the Company. During the nine months ended June 30, 2014, 43,400 common shares (June 30, 2014 - nil), with a deemed value of $69,172 (June 30, 2014 – $nil) were issued by the Company to Dunlap Codding, a law firm controlled by the director of the Company, to settle a trade payable of $69,172 (June 30, 2014 – $nil). At June 30, 2014, $14,461 (September 30, 2013 – $45,717) due to this law firm was included in trade and other payables.

iii. During the nine months ended June 30, 2014, the Company issued 100,000 common shares with fair value of $38,000 to two directors for the consulting services provided.

iv. During the nine months ended June 30, 2014, 450,000 share purchase options (June 30, 2014 – 480,000) with an estimated fair value of $894,879 (June 30, 2014 – $32,965 were granted to other directors of the Company.

v. During the nine months ended June 30, 2014, 75,000 options with an exercise price of $0.10 were exercised by the directors.

vi. During the nine months ended June 30, 2014, 2,636,100 options granted to certain officers and directors of the Company were cancelled.

vii. Subsequent to June 30, 2014, the Company granted 1,980,000 stock options to certain of its directors and officers, with each option being exercisable into a common share of the Company at $0.64 per share for a period of five years.

COMMITMENTS

- On March 1, 2012, the Company entered into a 3 year consulting agreement with one of the directors of the Company. Under the agreement, the Company will pay US $8,000 per month to this director for consulting and research and development services. The contract expires on March 1, 2015 and if the contract is terminated at the Company's discretion, the director is entitled to receive three months' fees over and above the thirty day notice period.
- On April 20, 2012, the Company entered into an exclusive distribution agreement with Hedley Enterprises Ltd. ("Hedley") to purchase, resell and distribute Abattis' line of natural products in Canada. Under the terms of the Agreement Hedley has acquired the exclusive right to sell and distribute Abattis' products to all retail distribution channels, which include health food stores, grocery stores, fitness facilities, and similar retail establishments.
- On May 21, 2012, the Company entered into a two year finder's fee agreement with VentureCorp 2 Capital Inc. Under the agreement, the Company will pay to the finder a cash fee equal to 10% of the gross proceeds raised by the Company through the sale of shares or units to investors introduced by the finder. The Company will also issue to the

finder non transferable compensation warrants in an amount equal to 5% of the aggregate number of shares or units subscribed for by the investors introduced by the finder. Each finder's warrant will entitle the finder to acquire one common share of the Company, exercisable for a period of 12 months from closing date at an exercise price equal to the price per share or unit.

- On November 1, 2012, the Company renewed a three year office lease with Toro Holdings Ltd. The Company's minimum annual lease commitments over the next two years are as follows:

Year		
2014	$	11,271
2015		27,772
	$	39,043

- On December 27, 2012, the Company entered into a license agreement with Vertical Designs Ltd. ("Vertical Designs") Under the agreement, the Company has been granted the exclusive, worldwide rights to a patent license, with the right to grant sublicenses, to use the Bio Pharma technology for growing products at licensed facilities, which products may only be used as ingredients in the pharmaceutical, neutraceutical, cosmetic and wellness markets. The royalty provisions of the license agreement reflect that: (i) the royalty payable on net sales of all products sold by Abattis was 4%; (ii) in consideration for the grant of the Company's right to grant sublicenses, the Company will pay to Vertical Designs Ltd. a sublicense royalty of 15% of any monies or other consideration that the Company receives from any sublicense; and (iii) after two years, the Company will be required to pay to Vertical Designs Ltd. a minimum royalty payment of $25,000 per year and if the combined royalty payments paid from (i) and (ii) above do not equal $25,000 in any given year then the Company will be permitted to top up such amount with a cash payment. Under the terms of the agreement, the patent license will revert to Vertical Designs Ltd. in certain circumstances, including: (i) if the Company terminates the agreement; (ii) if the Company materially breaches or defaults in the performance of the agreement and has not cured such default within 60 days, or in the case of failure to pay any amounts due, then within 30 days, after receiving written notice from Vertical Designs Ltd. specifying the breach; (iii) if the Company discontinues its business of producing ingredients for pharmaceutical, neutraceutical, cosmetic or wellness markets; (iv) if the Company fails to pay the annual $25,000 minimum royalty payment for any year ending after the second anniversary of the agreement; or (v) if the Company becomes insolvent, makes an assignment for the benefit of creditors or has a petition of bankruptcy filed by or against it, which petition is not vacated or otherwise removed within 90 days after the filing thereof. The Company also agreed to pay Vertical Designs $250,000 for the purchase and sale of six complete Vertical Designs operational units. The purchase price will be paid in instalments, dates and amounts are to be determined between the parties, with the first payment due on or before the earlier of five business days following the Company completing an equity and/or debt financing of any amount or the first business day in the seventh month following the date of the Bill of Sale.
- On January 6, 2013, the Company entered into a two year consulting agreement with Georges Laraque Management Inc. Under the agreement, the Company will pay consulting fees of $5,000 per month.
- On October 1, 2013, the Company entered into a consulting agreement with Crimson Opportunities Ltd., a company controlled by the CFO of the Company for his services as CFO and COO. Under the agreement, the Company will pay annual consulting fees of $125,000 (excluding GST).
- In December 2013, the Company's wholly owned subsidiary, Animo Wellness Corporation doing business as Medical Marijuana Labs ("MMLC"), signed a five year lease with PurGenesis Technologies, Inc. for the lease of approximately 5,000 square feet of lab and production space at a cost of $120,000 in annual gross rent.
- On January 1, 2014, the Company entered into a consulting agreement with the Chiron Capital Corp., a company controlled by the CEO of the Company for his services as CEO. Under the agreement, the Company will pay annual consulting fees of $175,000 (excluding GST).
- On January 1, 2014, the Company entered into a consulting agreement with Growing Strategies Inc. Under the agreement, the Company will pay monthly consulting fees of $4,000 (excluding GST).

- On January 1, 2014, the Company entered into a consulting agreement with Voelpel Gold Medal Investment Ltd. Under the agreement, the Company will pay monthly consulting fees of $3,000 (excluding GST).
- On February 1, 2014, the Company entered into a consulting agreement with Gloden Straw Consulting Group Inc. Under the agreement, the Company will pay monthly consulting fees of $5,000 (excluding GST).
- On March 16, 2014, the Company entered into a one year consulting agreement with Think Sharp Inc. Under the agreement, the Company will pay monthly consulting fees of $10,000 and monthly administration fees of $100 (excluding GST) in cash and 6,000 common shares per month.
- On January 1, 2014, the Company entered into a consulting agreement with Growing Strategies Inc. Under the agreement, the Company will pay monthly consulting fees of $4,000 (excluding GST).
- On January 1, 2014, the Company entered into a consulting agreement with Voelpel Gold Medal Investment Ltd. Under the agreement, the Company will pay monthly consulting fees of $3,000 (excluding GST).
- On February 1, 2014, the Company entered into a consulting agreement with Gloden Straw Consulting Group Inc. Under the agreement, the Company will pay monthly consulting fees of $5,000 (excluding GST).
- On April 1, 2014, the Company entered into a consulting agreement with TDM Financial as its full service investor relations firm to provide online branding, marketing, outreach, and investor relations management services. Pursuant to the agreement, the Company will pay US $25,000 consulting fee in common share to TDM Financial.

CONTINGENT LIABILITIES

- On September 20, 2012, a claim, which is based on a contract dated June 29, 2009 between the Company and the plaintiff, was filed against the Company. The plaintiff and the Company entered into an agreement dated May 16, 2011 to settle a dispute between the two parties over the contract dated June 29, 2009. The Company made an initial payment of $5,000 to the plaintiff, as per the agreement dated May 16, 2011. However, the plaintiff did not transfer the payment to an individual named in the agreement nor did the plaintiff instruct this individual appropriately. As such, the Company refused to make any further payments under this agreement until those events have taken place. The plaintiff claims that the agreement of May 16, 2011 is not binding and is seeking payment of $145,000. The outcome of this claim is not determinable and therefore no amount has been recorded for any potential payments which may have to be made.
- During the year ended September 30, 2013 and nine months ended June 30, 2014, four claims were pending against the Company. These claims are outstanding as at June 30, 2014 and the plaintiffs are claiming an aggregate of approximately $421,000. The outcomes of these claims are not determinable and therefore no amounts have been recorded for any potential payments which may have to be made.

EVENTS AFTER THE REPORTING DATE

Subsequent to June 30, 2014:

- On August 5, 2014, the Company entered into a US$5 million Standby equity financing agreement with Kodiak Capital Group, LLC (“Kodiak”), a Newport Beach, CA-based institutional investor. The Company has agreed to file a registration statement with the U.S. Securities and Exchange Commission (“SEC”) covering the Abattis shares that may be issued to Kodiak under this financing. After the SEC has declared the registration statement related to the transaction effective, the Company has the right at its sole discretion over a period of one year to sell up to US$5 million of common shares to Kodiak. The Company has agreed to pay Kodiak a 5% commitment fee in shares. Of these shares, 277,373 shares shall be held in escrow in accordance with an escrow agreement. The Company plans to access and use these funds in the event of an acquisition opportunity and for expansion in the US.

OUTLOOK

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

The Company continues to focus resources to execute on its national and U.S. strategy to obtain licenses and facilities for the production and processing of hemp and medical marijuana products. Management will continue to work on completing contracts with partners and co-venturers and begin operations once licenses are approved.

For 2014, Abattis will emphasize the completion and crystallization of its networking efforts, asset acquisition and patent applications from the past two years. Additional capital requirements will be sought out as licenses and facilities are approved to achieve our growth plans.

RISKS AND UNCERTAINTIES

The Company is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources. The business of the Company is dependent upon many components of the success and failure of Health Canada's new MMPR regulations to achieve new investment through the approvals of licenses and implementation of operational facilities and extraction processes.

Despite the promising nature of the medical marijuana industry in Canada and the United States for that matter, failure to obtain such additional financing could delay further development of the Company's business. Management is of the opinion the current industry is extremely large and based on its assessment of relative competitors, the Company holds an optimistic, yet cautious approach to implementation.

Dilution

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

Competition

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

Technology Risk

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

Dependence on Key Personnel

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

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

Going Concern

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

Financial Market Risk

The Company is dependent on the equity markets as a source of operating working capital and the Company's capital resources are partly determined by the strength of the capital markets and by the status of the Company's development in relation to these markets, and its ability to compete for investor support of its product plans.

Permits and Licenses

The Company's operations are subject to regulations promulgated by government regulatory agencies from time to time. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. However, there can be no guarantee that the Company will be able to obtain and maintain, at all times, all necessary licenses and permits required to carry out its business.

Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the forward-looking statements.

OFF-BALANCE SHEET ARRANGEMENTS

The Company did not enter into any off-balance sheet arrangements during the nine months ended June 30, 2014.

PROPOSED TRANSACTIONS

The Company does not currently have any proposed transactions approved by the Board of Directors. All current proposed transactions are fully disclosed in the financial statements for the nine months ended June 30, 2014.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

CONFLICTS OF INTEREST

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

SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and expenses during the reporting period. Actual outcomes could differ from these estimates. The financial statements include estimates which, by their nature, are uncertain. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in both periods if the revision affects both current and future periods.

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

- the recoverability of trade and other receivables, and prepaid expenses and other deposits;
- the carrying value and recoverability of intangible assets and the related amortization;
- the inputs used in measuring share based payments;
- the valuation of deferred tax assets; and
- the inputs used in determining the estimated fair values of options and warrants issued.

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

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

- the estimated useful lives of property and equipment and the related depreciation;
- the estimated future operating results; and
- the net cash flows from property and equipment and intangible assets

FUTURE ACCOUNTING PRONOUNCEMENTS

The following is a summary of new standards, amendments and interpretations that have been issued but not yet adopted in these annual financial statements:

IFRS 9, *Financial Instruments* ("IFRS 9")

IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple classification options in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2015, with earlier adoption permitted. The Company is currently evaluating the impact of IFRS 9 on its financial instruments; however, the impact, if any, is not expected to be significant.

IAS 32, *Financial Instruments: presentation* ("IAS 32")

In December 2011, the IASB issued amendments to IAS 32. The amendments clarify that an entity currently has a legally enforceable right to set-off financial assets and liabilities if that right is (1) not contingent on a future event; and (2) enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties. These amendments are effective for annual periods beginning on or after January 1, 2014 with early application permitted and are to be applied retrospectively. The Company is currently evaluating the impact of the adoption of the amendments on its financial statement; however, the impact, if any, is not expected to be significant.

APPROVAL

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

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

Statements contained in this MD&A that are not historical facts are forward-looking statements (within the meaning of the Canadian securities legislation and the U.S. Private Securities Litigation Reform Act of 1995) that involve risks and uncertainties. Forward-looking statements are frequently, but not always, identified by words such as “expects”, “anticipates”, “believes”, “intends”, “estimates”, “potential”, “possible” or variations of such words and phrases or the negative connotation thereof, or statements that events, conditions or results “will”, “may”, “could” or “should” occur or be achieved. The forward-looking statements may include statements regarding research and development, product development and budgets, market estimates, capital expenditures, timelines, strategic plans, market or industry growth, evaluation of the potential impact of future accounting changes, estimates concerning recovery of accounts receivable, share-based payments and carrying value of intangible assets or other statements that are not statements of fact. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company may differ materially from those reflected in forward-looking statements due to a variety of risks, uncertainties and other factors. Risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by the forward-looking statements include, without limitation,

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

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

It is the Company's policies that all forward-looking statements are based on the Company's beliefs and assumptions which are based on information available at the time these assumptions are made. The forward looking statements contained herein are based on information available as at May 30, 2014 and are subject to change after this date. The Company assumes no obligation and has no policy for updating or revising forward looking information or statements to reflect new events or circumstances, except as may be required under applicable securities laws. Although management believes that the expectations represented by such forward-looking information or statements are reasonable, there is significant risk that the forward-looking information or statements may not be achieved, and the underlying assumptions thereto will not prove to be accurate. Actual results or events could differ materially from the plans, intentions and expectations expressed or implied in any forward-looking information or statements, including the underlying assumptions thereto, as a result of numerous risks, uncertainties and other factors such as those described above and discussed under "Risks and Uncertainties". Forward-looking information or statements in this MD&A include, but are not limited to, potential value of the intellectual properties and satisfactory resolution of the Company's liabilities and contingent liabilities.