Management Discussion and Analysis

For the six months ended March 31, 2017

This management's discussion and analysis ("MD&A") focuses on significant factors that affected Abattis Bioceuticals Corp. ("Abattis" or the "Company") for the period ended March 31, 2017 and to the date of this report.

This MD&A is prepared in conformity with National Instrument 51-102F1. The MD&A should be read in conjunction with unaudited condensed interim consolidated financial statements for the six months ended March 31, 2017 and the audited consolidated financial statements for the year ended September 30, 2016, prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). This MD&A complements and supplements, but does not form part of the Company's condensed consolidated interim financial statements.

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

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

This MD&A has been prepared as of May 30, 2017.

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, including through those of its wholly owned subsidiaries, to develop and commercialize natural health (nutraceutical) products and to conduct research and development to create plant-based (botanical) intellectual property and ingredients for the pharmaceutical, nutraceutical, bioceutical and cosmetic markets. Current areas of focus are Northern Vine's Health Canada licensed testing facility. This facility is licensed to test analytical samples of cannabis received from holders of a valid license issued under the Narcotic Control Regulations Act, the Access to Cannabis for Medical Purposes Regulations or from and individual authorized by a valid exemption under the Controlled Drugs and Substances Act to provide, deliver, transport or send fresh or dried marihuana or cannabis to licensed dealers. Abattis is seeking further joint ventures to enhance the services provided by the Northern Vine Lab. Abattis is also focused on expanding and commercializing existing product lines for the Canadian, US, Asian and other markets in order to generate cash flow; as well as growth through collaborations, acquisitions and business development. Abattis follows strict standard operating protocols, and adheres to the applicable laws of Canada and foreign jurisdictions.

The Company's head office is located at Suite 224 – 970 Burrard Street Vancouver, British Columbia, V6K 2Z4, and the Company's operating Laboratory facility is located at 104 - 9295 198th Street, Langley, BC, V1M 3J9.

Since 2011, the Company has acquired Natural Health Products, through acquisitions of intellectual property and corporations owning proprietary Natural Health Products Licences. The Company owns in excess of 77 Natural Health Product Licenses through its subsidiaries, iJuana Cannabis Inc., Northern Vine Canada Inc., Vergence Naturals Ltd., and Biocell Inc.

On June 17, 2011 the Company was listed on the OTC Markets Pink Sheets to enable easier access to American Investors.

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

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

FINANCIAL INFORMATION

The following table sets forth selected financial information with respect to the Company, which information has been derived from the financial statements of the Company for the period ended March 31, 2017 and 2016. The following should be read in conjunction with said financial statements and related notes.

	Period Ended March 31, 2017 $	Period Ended March 31, 2016 $
Total expenses	1,922,685	1,220,567
Comprehensive net income (loss)	1,924,780	1,197,177
Current assets	663,602	107,322
Total assets	1,882,090	1,354,439
Current liabilities	840,118	971,274
Working capital (deficiency)	176,517	863,952
Shareholders' equity (deficiency)	1,512,878	807,919
Shares outstanding	136,889,955	96,832,530

SUMMARY OF QUARTERLY RESULTS

Three months ended	Revenue	Net Loss and other Comprehensive loss	Basic and diluted loss per common share
March 31, 2017	$ -	$919,898	$0.02
December 31, 2016	$ -	$1,004,882	$0.01
September 30, 2016	$ -	$855,032	$0.01
June 31, 2016	$ -	$359,974	$0.01
March 31, 2016	$ -	$ 697,559	$0.01
December 31, 2015	$ 54	$499,618	$0.01
September 30, 2015	$15,815	$3,162,872	$0.03
June 30, 2015	$14,225	$601,094	$0.01

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

- Loss of $1,922,685 in the period ended March 31, 2017 was higher than the loss of $1,220,567 in the same period in 2016. This increase is mainly due to an increase management and consulting fees.

HIGHLIGHTS, PERFORMANCE SUMMARY AND SHARE ISSUANCES DURING THE PERIOD

- The Company placed continuing emphasis on focusing on core assets and preparing for future product sales in the period ending March 31, 2017. Marketing strategies were further refined and natural health product research and compliance work was undertaken. As well, the Company concentrated on the build out of its Health Canada licensed testing facility in Langley, BC.
- During the period, the Company entered into negotiations for the distribution of extraction machinery manufactured by Suzhou Raybot Material Technologies Corp., of China. This extraction machinery will be used to create functional ingredients for food, cosmetics, nutraceuticals and bioceuticals from hemp and other biomass.
- During the period ending March 31, 2017, the Company hired Dr. Jaclyn Thomson to oversee the building and functioning of the Northern Vine Lab. Dr. Thomson has particular expertise in quality control and operations of laboratory facilities. The Company also hired Dr. David Galvez as the Chief Science Advisor to Northern Vine. Dr. Galvez has particular expertise in the formulation of nutraceutical and bioceutical products for commercialization across many platforms.
- During the period covered by these financial statements, the Company undertook an independent valuation for the purposes of a proposed acquisition, with respect to Green Nature Products Inc., a functional foods distributor to the Asia region.
- During the period, Abattis worked toward significantly reducing debt and financing the Company's operations through a series of warrant exercises and private placements.
- During the period ended March 31, 2017, the principal and interest of the loan payable to Crimson Opportunities, a Company owned and controlled by Rene David, an officer and director of the Company were converted into 925,186 common shares at a price of $0.05 of the Company.
- During the period the Company issued 4,882,284 shares for services to certain officers, directors and consultants of the Company.
- During the period ended March 31, 2017 the Company issued 9,854,302 common shares upon exercise of share purchase warrants for a gross proceeds of $798,586.
- During the period, the Company issued 1,139,226 shares in exchanged for private placements with gross proceeds totaling $122,359. Fees in the amount of $10,000 were paid by way of issuance of 58,873 common shares. The Company issued 1,139,226 share purchase warrants in conjunction with these private placements.
- During the period 850,000 incentive stock options at $0.06 were exercised by a director/officer of the Company.

Overall strategy

Abattis Bioceuticals Corp's overarching strategy is to focus on three business segments in support of its natural health products, laboratory testing and formulation businesses:

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

Abattis is diligently looking to build revenue through its proprietary products and formulas and is actively pursuing potential nutraceutical brand name products for acquisition, co-branding or licensing. Near-term focus is on implementation of the sales and marketing strategy and business plan for proprietary natural health products and ingredients.

Abattis will continue to develop, and has a mid- to long-term focus on expanding its range of products to target and satisfy important National and International market needs. This includes co-formulating existing and future product lines with Cannabinoids to meet the growing demand for medical and nutraceutical products and supplements in this market vertical both domestic and international.

Narcotic Control Regulation's licensing

Northern Vine Canada Inc. had applied for a Controlled Drugs and Substances Dealer's License. Northern Vine first inspection in support of obtaining this License was completed on January 29, 2016. Northern Vine received a controlled substances licence number 2016/6383 on September 27, 2016 and a renewal of the license for 2017 on October 31, 2016.

Abattis is continuing its efforts to move into food and hemp product nutraceuticals and technologies and has made great strides in securing the Jaingsu Agreement in China.

Licensing efforts in the marijuana sector have been longstanding and expensive. Our applications for Licensed Producer status remain in an incubated state. All efforts have been made to gain approvals and Abattis will continue its efforts until all avenues have been exhausted.

Along with its licensing efforts, Abattis is concentrating on high value ingredients of botanical products and formulating a plan to monetize a hemp based nutraceutical products and technologies.

RESULTS OF OPERATIONS

Six months ended March 31, 2017 compared with six months ended March 31, 2016

The Company incurred a net loss of $1,922,685 during the period ended March 31, 2017 an increase of $727,603 when compared with the loss of $1,220,568 for the period ended March 31, 2016. The increase in net loss is primarily the result of the change in the followings expenses during the period ended March 31, 2017:

- Accounting and audit fees increased from $20,000 to $42,201 for the period ended March 31, 2017. This increase is primarily due to a focus on cost containment and efficiency as well as establishing the in-house accounting.
- Adverting expenses decreased to $29,093 for the period ended March 31, 2017, from $63,094 for the period ended March 31, 2016. This decrease is primarily due to a focus on cost containment and efficiency.
- Legal fees increased to $52,281 for the period ended March 31, 2017, from $34,054 for the period ended March 31, 2016. This increase is primarily due to higher legal fees incurred in respect of the acquisitions, issuance of stock options and share issuances during the period ended March 31, 2017.
- Management and consulting fees increased to $1,603,388 for the period ended March 31, 2017 from $707,434 for the period ended March 31, 2016. The increase was primarily a result of different fees charged to consultants for new business ventures as well as payments made on management changes.
- Office and general administration fees decreased to $167,692 for the period ended March 31, 2017, from $229,205 for the period ended March 31, 2016. This decrease is primarily due to lesser corporate activity in the Company's subsidiaries during the period.
- Regulatory and transfer agent fees decreased to $30,019 for the period ended March 31, 2017, from $33,820 for the period ended March 31, 2016. This decrease is primarily due to expenses related to the Annual General Meeting and postponement thereof.
- Research costs decreased to $20,041 for the period ended March 31, 2017, from $34,647 for the year ended March 31, 2016. This decrease is primarily attributed to the Company's focus on due diligence relating to the acquisition of the technology distribution agreement for extraction machines.
- Share-based payment decreased to $Nil for the period ended March 31, 2017, from $4,886 for the period ended March 31, 2016. This increase is due to an decrease in personnel and the wish to conserve cash for business development purposes during the period ended March 31, 2017.

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2017, the Company had a cash balance of $486,702 (March 31, 2016 - $40,830), and a working capital deficiency of $176,517 (March 31, 2016 - $863,952).

The Company continues to use its cash resources to fund its administrative requirements and product development and launch. As the Company does not currently generate revenue, cash balances, will continue to decline as funds are used to conduct its operations, unless replenished by capital fundraising. As the Company is undertaking to launch products for sale in 2017, cash flow projections show revenue beginning in 2017 and climbing based in line with marketing expenditures.

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

The financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. If the Company is unable to obtain sufficient funding, the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern will be in significant doubt. The Company has incurred $17,036,318 in losses from inception including a net loss of $1,922,685 for the period ended March 31, 2017.

FINANCIAL INSTRUMENTS

As at March 30, 2017, the Company's financial instruments are comprised of cash, cash held in trust, marketable securities, investments and term deposits, trade and other receivables, trade and other payables and advance payable. The Company's financial instruments are exposed to certain risks, which include credit risk, interest rate risk and liquidity risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash, cash held in trust, term deposits and trade and other receivables are exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness. As at March 31, 2017 and March 31, 2016, the Company's exposure is the carrying value of the financial instruments. As at March 31, 2017, the balance of marketable securities is nil.

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

Liquidity risk

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

The Company maintained cash at March 31, 2017 in the amount of $486,702 (March 31, 2016 – $40,830), in order to meet short-term business requirements. At March 31, 2017, the Company had accounts payable and accrued liabilities and advances payable of $821,247 and $18,871 respectively (March 31, 2016 – $952,403 and $18,871, respectively). All accounts payable and accrued liabilities and advances payables are current.

Market risk

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

Interest rate risk

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

Currency risk

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

The Company's cash and cash equivalents and accounts payable and accrued liabilities are partly held in US dollars ("USD"); therefore, USD accounts are subject to fluctuation against the Canadian dollar. Based on the net exposures as at March 31, 2017, and assuming that all other variables remain constant, a 10% appreciation or depreciation of the CAD against the USD would decrease profit or loss by $4,000.

OUTSTANDING COMMON SHARE DATA

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

At March 31, 2017, there were 136,889,955 issued and fully paid common shares and 1,750,000 common shares in treasury.

As at the date of this MD&A, the Company has 150,689,607 common shares issued and outstanding, 7,810,000 share purchase options outstanding and 8,773,720 share purchase warrants outstanding. On a fully diluted basis, 167,273,327, common shares were outstanding.

TRANSACTIONS WITH RELATED PARTIES

Transactions with associates

During the prior period, the Company entered into an arrangement whereby an unrelated third party would assume the debt owed to a law firm of which a director is a partner. The debt assumed in exchange for 1,354,149 units of the Company at $0.12 consisting of one common share and one common share purchase warrant at $0.15. During the period, partial payments to the law firm were made to retire this debt

Key management personnel compensation

During the periods ended March 31, 2017 and 2016, compensation to key management personnel and related parties were as follows:

	March 31, 2017	March 31, 2016
Remuneration, fees and short-term benefits	**$**	$
Management and consulting fees (i)	**525,137**	238,951
	525,137	238,951

i) Fees include amounts paid, accrued and/or settled in shares, as recorded for the CEO, a company controlled by the CEO, former CEO, company controlled by the former CEO, COO, CFO, Crimson, directors and companies controlled by directors of the Company. Included in trade payables and other liabilities at March 31, 2017 is $4,330 (September 30, 2016 - $241,591) due to the aforementioned parties for advertising, management and consulting fees.

Loan payable

On August 2, 2016, the Company entered into a loan agreement with Crimson. Under the terms of the loan agreement, Crimson has agreed to make a bridge loan to the Company of up to $50,000. The loan bears interest at a rate of 10% per annum, is unsecured and payable at the earlier of (i) August 2, 2018, (ii) the date at which the Company completes a financing of greater than $250,000 and (iii) the event of default. The Company may repay the loan at any time. Crimson has the right

to convert the principal and interest owing to common shares of the Company at the lower of (i) $0.05 per common share, or (ii) an allowable discount to market price. An equity component, recognized as the difference between the fair value of the convertible note as a whole and the fair value of the liability component, was calculated as a nominal amount. Accordingly, no value was allocated to the equity component.

To December 31, 2016, the Company has drawn $32,220 upon the bridge loan and accrued $1,095 in interest. The Company also paid Crimson an arrangement fee of $5,000, which has been included in finance costs. During the period ending March 31, 2017, the loan payable was converted into common shares of the Company.

COMMITMENTS

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

ii) On November 1, 2012, as last amended on September 3, 2015, the Company renewed a three-year office lease with Toro Holdings Ltd. The Company's minimum annual lease payments based on fiscal years are as follows:

Year		
2017	$	31,113
2018		31,113
2019		10,371
	$	72,597

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

During year ended September 30, 2015, Vertical Designs sent a letter advising they were terminating the license agreement by citing that the Company failed to comply with certain terms and conditions included in the license

agreement. The Company believes that the terms in the license agreement have been followed; as a result, the license agreement should be valid. On January 12, 2016, Vertical Design Ltd. entered into an agreement to assign the patent license to Affinor Growers Inc. ("Affinor"). The Company intends to continue to honor the agreement and make any payments or provide any information required under the license. The Company provides for costs related to contingencies when a loss is probable and the amount is reasonably determinable. In the opinion of management, no grounds exist that justify the termination of the license agreement. It is the opinion of management, based in part on advice of legal counsel, that the ultimate resolution of the termination of the license agreement is undeterminable.

iv) On February 1, 2015, the Company entered into a consulting agreement with Crimson for CFO and COO services. Under the agreement, the Company will pay annual consulting fees of $165,000. Crimson will also be entitled to 25,000 common shares of the Company on a monthly basis (subsequently amended to $5,000 common shares of the Company on a monthly basis). The consulting agreement outlines certain milestone bonuses, which are compensated through the issuance of common shares of the Company. During the year ended September 30, 2016, the Company issued 1,000,000 common shares to Crimson for the achievement of milestones.

v) During the year ended September 30, 2014, the Company entered into an office lease ending June 30, 2017. The Company's minimum annual lease payment to June 2017 are $58,418

vi) On February 4, 2015, the Company entered into a US$25 million equity line facility agreement with Dutchess Opportunity Fund, II, LP, a Delaware Limited Partnership ("Dutchess"). The Company has filed a preliminary registration statement with the U.S. Securities & Exchange Commission ("SEC") on March 28, 2015 covering the Abattis shares that may be issued to Dutchess under this financing. After the SEC has declared the registration statement related to the transaction effective, the Company has the right at its sole discretion over a period of three years to sell up to US$25 million of common shares to Dutchess under the terms of the financing agreement, which shares will be issued at the current market price less permitted discounts in effect during such issuances. The registration statement was voluntarily withdrawn subsequent to September 30, 2016. The facility agreement with Dutchess was terminated.

CONTINGENT LIABILITIES

i) The Company is defending a claim from one of its former consultants for breaching a contract to pay for marketing services for approximately $23,000. The Company has filed a counter claim that the plaintiff failed to provide the requested services. The Company settled the claim through the issuance of common shares (Financial Statement note 23) in the period ended March 31, 2017.

ii) The Company is defending a claim from one of its former directors for amounts payable to him which he claims were to be settled in common shares. The plaintiff has claimed damages of approximately $300,000. The outcome of this claim is not determinable.

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

EVENTS AND SHARE ISSUANCES AFTER THE REPORTING DATE

The following events occurred subsequent to March 31, 2017:

- The Company's common shares were officially added to the Canadian Stock Exchange's Marijuana Index. On April 10, 2017 the Company announced the appointment of Robert Abenante as CEO of Abattis Bioceuticals Inc., and its subsidiaries.

- In May, 2017, the Company hired Siobhan McCarthy as head of sales for Northern Vine Canada Inc., to maximize revenue potential from the services provided by the Northern Vine Lab.

- Subsequent to the period ended March 31, 2017, the Company finalized its distribution agreement with Suzhou Raybot Material Tech. Cop., for the distribution of extraction machines in North America and Europe. Consideration for this agreement is 740,741 common shares at a price of $0.23 per share with further issuances of shares or cash or a combination of both to amount to $900,000 CDN, upon the achievement of certain milestones.

- Subsequent to the period covered by these statements, the Company issued 3,633,872 common shares for services to certain officers, directors and consultants of the Company.

- Subsequent to March 31, 2017, a director exercised 300,000 incentive stock options at $0.06 per share. 600,000 common shares were issued as a result of this exercise.

- Subsequent to the period ended March 31, 2017, 3,531,193 warrants were exercised for proceeds of $831,041.83. 9,565,780 common shares were issued on exercise of warrants.

OUTLOOK

The Company spent the previous fiscal year positioning its products and access to other natural health products into Asian sales channels. At the same time, it prepared for and achieved its Health Canada Dealers License for the Northern Vine Canada Inc. testing facility. During this period management streamlined administrative functions and costs as well as contingent liabilities in preparation for commercializing the testing facility and incoming management and scientific resources. For the 2017 fiscal year, Abattis will continue with its focus on immediate sales of products enhanced by testing revenues derived from patients and commercial producers under the ACMPR, as well as concentrating on sales channels for functional foods in Asia and on acquiring a license to distribute proprietary extraction machines from China. Management will continue to seek ways to further reduce any unnecessary operating costs in 2017.

Abattis continues to focus on the emerging biotechnology and agricultural technology space around medical marijuana and proprietary botanical formulations, patentable processes and compositions and ingredients that are derived from Cannabis, biomass and industrial hemp and remains active on medical marijuana activities through its Northern Vine Canada Ltd. laboratory. More specifically, Abattis seeks to complement the R&D functions for CBD and THC with access to proprietary extraction and separation technology on a commercial and industrial scale, in the hopes of servicing the licensed producers in North America. It is management's opinion that the trend in the growth of Licensed Producers in Canada shall continue to grow as the government transitions into the commercialization of the medical marijuana and its derivatives.

RISKS AND UNCERTAINTIES

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

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

Going concern

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

No commercial products have been developed

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

Reliance on licence

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

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

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

Market acceptance

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

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

Competition

With respect to nutraceuticals, the Company plans to compete in an industry in which there are already many well-established participants. Success will depend on our ability to successfully differentiate our product offerings and penetrate already crowded channel. With respect to medical marijuana, there are a few, but growing number of participants. The Company will have to prove its ability to compete against companies that are further ahead in the approval process by Health Canada and have greater financial, technological, production and marketing resources.

Product liability claims

Our product candidates subject us to the risk of product liability claims for which we may not be able to maintain or obtain adequate insurance coverage. Inherent in the use of our product candidates in clinical trials, as well as in the manufacturing and distribution in the future of any approved products, is the risk of financial exposure to product liability claims and adverse

publicity in the event that the use of such products results in personal injury or death. There can be no assurance that we will not experience losses due to product liability claims in the future.

Potential delayed or impaired future sales

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

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

Technology risk

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

Intellectual property

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

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

Patent law relating to the scope and enforceability of claims in the fields in which we operate is still evolving. The patent positions of biotechnology and biopharmaceutical companies, including us, is highly uncertain and involves complex legal and technical questions for which legal principles are not firmly established. The degree of future protection for our proprietary rights, therefore, is highly uncertain. In this regard there can be no assurance that patents will issue from any of the pending patent applications. In addition, there may be issued patents and pending applications owned by others directed to technologies relevant to our or our corporate collaborators' research, development and commercialization efforts. There can be no assurance that our or our corporate collaborators' technology can be developed and commercialized without a license to such patents or that such patent applications will not be granted priority over patent applications filed by us or one of our corporate collaborators.

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

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

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

Change in laws, regulations, and guidelines

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

Limited operating history

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

Future financing

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

Dilution

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

Dependence on key personnel

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

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

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

OFF-BALANCE SHEET ARRANGEMENTS

The Company did not enter into any off-balance sheet arrangements during the period ended September 30, 2016.

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 year ended September 30, 2016.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

CONFLICTS OF INTEREST

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

SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

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

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

- Investment in associates
  Included in the carrying value of the Company's investment in associates is the Company's share of loss of the associates for the period ended March 31, 2017. The associates have not released full financial statements for the

period ended March 31, 2017 and the Company's share of the loss of the associate has been estimated based on available information, including the associates' internal financial records. These estimates may change when full financial statements become available and this may impact the carrying value of the investment in associates. The Company has not guaranteed any amounts for associates.

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

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

- Impairment
  Assets, including intangible assets, property and equipment, goodwill and investment in associates, are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may exceed their recoverable amounts. As at March 31, 2017 there were no indications that certain tangible and intangible assets of the Company are impaired. The effect of this impairment is recorded in the Company's statement of loss and comprehensive loss.

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

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

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

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

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

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

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

- Going concern
  The Company's ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances.
- Impairment of non-financial assets
  Judgment is involved in assessing whether there is any indication that an asset or cash-generating unit may be impaired. This assessment is made based on the analysis of, amongst other factors, changes in the market or business environment, events that have transpired that have impacted the asset or cash generating unit, and information from internal reporting.

FUTURE ACCOUNTING PRONOUNCEMENTS

New standards and interpretations not yet adopted

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

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

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

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

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

IFRS 15 *"Revenue from Contracts with Customers"* – This new standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

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 nutraceutical products and the uncertain commercial viability of these products;
- the Company's lack of operating revenues;
- the ability to obtain additional financing to develop the intellectual property and uncertainty as to the availability and terms of future financing;
- governmental regulations and the ability to obtain necessary licenses;
- risks related to the Company's dependence on key personnel;
- uncertainty in meeting anticipated program milestones;
- estimates used in the Company's financial statements proving to be incorrect; and
- other risks and uncertainties disclosed in other information released by the Company from time to time and filed with the appropriate regulatory agencies.

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

It is the Company's policies that all forward-looking statements are based on the Company's beliefs and assumptions which

are based on information available at the time these assumptions are made. The forward-looking statements contained herein are based on information available as at May 30, 2017 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.