CANNTAB THERAPEUTICS LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

YEARS ENDED MAY 31, 2018 AND 2017

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The following management discussion and analysis ("MD&A") of Canntab Therapeutics Limited ("Canntab" or "the Company") provides a review of corporate developments, results of operations and financial position for the years ended May 31, 2018 and 2017 ("FY2018 and "FY2017" respectively). This discussion is prepared as of September 28, 2018 and should be read in conjunction with the consolidated financial statements and the accompanying notes for the years ended May 31, 2018 and 2017. Additional information relating to the Company is available on Canntab's SEDAR profile at www.sedar.com and the Company's website at www.canntab.ca. The results reported in this MD&A have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are presented in Canadian dollars, which is the Company's functional currency.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors (the "Board"), considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares, (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision, or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement.

COMPANY OVERVIEW

Canntab was incorporated on April 20, 2016 under the Canada Business Corporations Act with its head office located at 223 Riviera Drive, Markham, Ontario, L3R 5J6. It is a public company that trades on the Canadian Securities Exchange ("CSE") under the symbol "PILL". The Company is a Canadian cannabis oral dosage formulation company engaged in the research and development of advanced pharmaceutical grade formulations of cannabinoids. It has developed in-house technology to deliver standardized medical cannabis extract from selective strains in a variety of extended/sustained release pharmaceutical dosages for therapeutic use.

The Extended Release Tablet ("XR" or the "XR Tablet") is a proprietary phytocannabinoid vehicle that is designed to directly address the drawbacks and challenges of competing oral delivery systems. These challenges include, but are not limited to, accuracy of dosing, onset times, duration of action, bioavailability, discreetness of consumption, ease of spoilage and the reduction of side effects, and are all directly addressed by the unique formulation of the XR Tablet. The XR Tablet is designed to contain either THC, CBD, or a combination of THC/CBD (depending on the composition of the medicine), permitting it to meet the demands of a broader patient base than the current synthetic-THC based pills in the market today.

Intellectual property underpins the value of XR Tablets in the form of four international patent applications already filed. Canntab is rapidly moving toward the commercialization phase by partnering with a best-in-class licensed producer of medicinal cannabis in Canada and gearing up for its first series of pre-clinical trials.

FY2018 HIGHLIGHTS

Collaboration and licensing agreement with Emblem Corp. ("Emblem")

On October 3, 2017, the Company entered into an exclusive marketing and sale license agreement with Emblem Corp., a licensed producer for the Canadian market. Under the agreement, Emblem and Canntab will collaborate on the pre-clinical formulation, clinical development, regulatory approval, manufacturing and commercialization of the patent-pending oral sustained-release formulation for cannabinoids. The agreement grants Emblem the exclusive right in Canada to Canntab's patents and know-how for the purpose of developing, commercializing, using, selling, and offering the sustained-release product for sale under the Emblem brand.

Public listing on Canadian Securities Exchange ("CSE") in April, 2017

On January 12, 2018, the Company entered into an amalgamation agreement (the "Amalgamation Agreement") with Telferscot Resources Inc. ("Telferscot" of the "Issuer") and 2611780 Ontario Inc. ("Numco"), pursuant to which the parties completed a business combination by way of a three-cornered amalgamation (the "Amalgamation") under the Business Corporations Act (Ontario). On April 16, 2018, Canntab amalgamated with Numco and carried on the existing business of Canntab as a wholly owned operating subsidiary of the Issuer, which filed Articles of Amendment to change its name to Canntab Therapeutics Limited (the "Resulting Issuer") (see "Reverse Takeover" section below).

Private placement financing

In connection with the Amalgamation, Canntab completed a private placement of 1,251,914 subscription receipts ("Subscription Receipt") at a price of $4.00 per Subscription Receipt for gross proceeds of $5,007,656 on December 19, 2017 and December 29, 2017 (the "Offering").

Intellectual property

Canntab's portfolio now includes 13 patent applications in Canada, the United States and internationally. These filings build on Canntab's growing intellectual property portfolio, which already included patent applications and trademark applications in the United States and Canada.

EMBLEM CORP.

On October 3, 2017, the Company entered into an exclusive marketing and sale license agreement with Emblem Corp., a Licensed Producer (the "Licensed Producer") for the Canadian market (the "License Agreement"). The following is a brief summary of the salient terms of the License Agreement: (i) the License Agreement is for an initial term of 5 years and shall be automatically renewed thereafter for renewal terms of one year each, (ii) the License Agreement applies to proprietary the Company products being oral sustained release tablet formulations of cannabinoids (the "Product"), (iii) the Company shall have the sole right to manufacture the Product, (iv) the raw materials (cannabis and cannabis oil) required to manufacture the product shall be provided to the Company free of charge by the Licensed Producer, and (v) the Licensed Producer shall purchase the products manufactured by the Company at the Company's cost plus 15%.

The Company will be entitled to the following milestone payments pursuant to the License Agreement: (i) $200,000 upon execution of the License Agreement, (ii) $200,000 within forty-five (45) days following the development extended-release cannabis tablets acceptable to the Licensed Producer acting reasonably-on the basis of in-vitro dissolution data, (iii) $200,000 within forty-five (45) days following reasonably acceptable results from a stability study and an in-vivo bio-availability study confirming the Product provides "extended release", and (iv) $200,000 each upon the Licensed Producer being approved to sell pharmaceutically acceptable formulations of each of the three extended-release cannabinoid tablet formulations (high HTC, balanced THC/CBD and high CBD) by Health Canada.

The Company will be entitled to the following royalty payments pursuant to the License Agreement:

- 10% of the gross sales the Licensed Producer receives from sales of each Product in the territory on sales up to and including $15 million per year and 15% of gross sales on sales exceeding $15 million per year.
- The Licensed Producer shall be the exclusive licensee in the territory providing that the Licensed Producer meets the following royalty payment thresholds: (i) first 12 months following first commercial sale: $300,000, (ii) second 12 months following first commercial sale: $1,200,000, and (iii) third 12 months following first commercial sale and all subsequent 12 month periods: $2,100,000.

REVERSE TAKEOVER

On April 16, 2018, under the terms of the Amalgamation Agreement referred to above, Canntab amalgamated with Numco and carries on the existing business of Canntab as a wholly owned operating subsidiary of the Issuer, which filed Articles of Amendment to change its name to Canntab Therapeutics Limited (the "Resulting Issuer"). Pursuant to the terms of the Amalgamation Agreement, each shareholder of Canntab received four common shares of the Issuer for every one common share of Canntab held by such shareholder (the "Exchange Ratio"). In addition, each holder of a stock option or warrant of Canntab received an equal number of replacement stock options, special warrants and broker compensation warrants of the Issuer, as applicable.

Although the transaction resulted in Canntab legally becoming a wholly-owned subsidiary of Telferscot, the transaction constituted a reverse takeover of Telferscot and has been accounted for as a reverse takeover transaction in accordance with guidance provided in IFRS 2 Share Based Payments. As Telferscot did not qualify as a business according to the definition in IFRS 3, this reverse takeover transaction did not constitute a business combination. It has been treated as an issuance of shares by Canntab for the net monetary assets of Telferscot.

The transaction therefore has been accounted for as a capital transaction, with Canntab being identified as the accounting acquirer and the equity consideration measured at fair value. The resulting consolidated balance sheet has been presented as a continuance of Canntab operations and comparative figures presented in the consolidated financial statements after the reverse acquisition are those of Canntab. The results of operations, cash flows and the assets and liabilities of Telferscot have been included in these consolidated financial statements since April 16, 2018, the acquisition date.

PATENTS AND TRADEMARKS

Canntab's portfolio now includes 13 patent applications in Canada, the United States and internationally. These filings build on Canntab's growing intellectual property portfolio, which already included patent and trademark applications in the United States and Canada. The new Canadian patent applications that were filed pertain to a variety of Canntab's innovative technologies related to oral dosage formulations of pharmaceutical cannabis, including Sustained Release Cannabinoid Formulations and Sustained Release Cannabinoid Pellets.

Previously filed applications relate to Immediate Release Cannabidiol Formulations; Modified-Release Multi-Layer Cannabinoid Formulations; Flash-Melt Cannabinoid Formulations; and Bi- layer Cannabinoid Tablets.

These patent applications are part of Canntab's continuing strategy to develop a comprehensive intellectual property portfolio which covers the company's technology and formulations related to pharmaceutical preparations which contain natural or synthetic cannabinoids. Canntab is currently developing a number of products which utilize this technology, which includes a variety of extended released tablets containing a mixture of THC (Tetrahydrocannabinol) and CBD (Cannabidiol) that may be helpful in the treatment of a number of ailments, such as sleep disorders, post-traumatic stress disorder (PTSD), social anxiety, addiction, arthritis, general pain, pain management and appetite loss associated with cancer treatments, and addiction treatment therapy of opioids and other painkillers.

Canntab is currently in the process of seeking approval from Health Canada for its extended release tablets and making batches of the tablets for third-party clinical trials in Canada. The company also plans to enter the United States market by obtaining a manufacturing and distributors license in certain US states.

SELECT FINANCIAL INFORMATION

	2018	2017	2016
	$	$	$
Cash and cash equivalents	**4,217,850**	958,620	-
Working capital	**4,149,961**	900,597	60,207
Shareholders' equity	**4,302,166**	1,038,555	60,207
Revenue	**41,678**	313	-
RTO transaction costs	**742,601**	-	-
Net loss and comprehensive loss	**(2,408,413)**	(1,116,252)	-
Loss per share	**(0.11)**	(0.07)	0.00

RESULTS OF OPERATIONS

Year ended May 31, 2018 compared to May 31, 2017

The Company had a net loss of $2,408,413 for FY2018 compared to $1,116,252 for FY2017.

As the Company is in its early stages, it does not have any ongoing recurring revenue streams. The only non-interest revenue recognized to date is the amortization of the first milestone payment of $200,000 (being the payment on execution of the License Agreement) of received from Emblem Corp. in the amount of $26,667 (FY2017 - $Nil).

As the Company has become more active operationally, it incurred operating expenses of $1,707,490 in FY2018 (FY2017 - $1,116,565, an increase of $590,925. Overall, most of the increase is due to the Company being operational for a full twelve months in FY2018 versus about eight months in FY2017. More specifically, the major components of the increase are as follows:

- Consulting fees in FY2018 of $517,799 compared to $211,143 in FY2017, an increase of $306,656 as more consultants were engaged for the start-up processes with respect to product development, marketing, etc.
- Professional fees in FY2018 of $162,987 compared to $54,100 in FY2017, an increase of $108,887 resulting from increased legal, audit and accounting fees.
- Employee compensation and benefits in FY2018 of $158,587 compared to $15,841 in FY2017, an increase of $142,746 as staff hired for traditional administrative roles.
- Research and development in FY2018 of $140,732 compared to $40,685 in FY2017, an increase of $100,047 as the Company seeks to expand and improve its product line.
- Marketing and promotion in FY2018 of $126,346 compared to $Nil in FY2017, the increase resulting from costs to improve market awareness by the investment community of the Company's business activities and strategy.
- Share based compensation, from the valuation of the stock options and special warrants granted to directors, officers, and consultants that vested during the respective periods, totalled $319,938 in FY2018 compared to $681,600 in FY2017, a decrease of $361,662, mostly relating to the valuation of special warrants issued in FY2017.

QUARTERLY PERFORMANCE

The following table highlights certain key quarterly financial highlights. Commentary on the selected highlights is included under "Results of Operations" and "Liquidity and Capital Resources".

	May-2018 2018 Q4 $	Feb-2018 2018 Q3 $	Nov-2017 2018 Q2 $	Aug-2017 2018 Q1 $	May-2017 2017 Q4 $	Feb-2017 2017 Q3 $	Nov-2016 2017 Q2 $	Aug-2016 2017 Q1 $
Balance sheet								
Cash	4,217,850	237,412	599,823	610,676	958,620	1,307,090	204,789	-
Working capital	4,149,959	217,321	579,663	672,574	900,597	1,308,191	206,958	60,207
Shareholders' equity	4,302,165	291,146	579,624	826,952	1,038,555	1,348,191	206,958	60,207
Income statement								
Revenues	23,712	9,660	7,623	683	313	-	-	-
Consulting fees	145,343	168,266	80,800	123,390	169,476	26,667	15,000	-
Share based compensation	319,938	-	-	-	-	681,600	-	-
Net loss and comprehensive loss	(1,661,006)	(288,478)	(247,328)	(211,602)	(309,763)	(775,247)	(31,242)	-

LIQUIDITY AND CAPITAL RESOURCES

The Company has not begun commercial sales of any of its products and accordingly, does not generate cash from operations. The Company finances its operating expenses and product development and research activities by raising capital from equity markets.

Working capital as at May 31, 2018 was $4,149,961 compared to $900,597 as at May 31, 2017. Cash and cash equivalents increased by $3,259,230 to $4,217,850 as at May 31, 2018 from $958,620 as at May 31, 2017. The increase was the net of (i) proceeds from the issuance of share capital and exercise of stock options and special warrants (net of share issue costs) during FY2018 of $4,727,041 (FY2017 - $1,413,000) less (ii) operating expenses of $1,707,490 (FY2017 - $1,116,565).

The Company completed a private placement of 1,251,914 subscription receipts ("Subscription Receipt") at a price of $4.00 per Subscription Receipt for gross proceeds of $5,007,656 on December 19, 2017 and December 29, 2017 (the "Offering"). Immediately prior to the closing of the Amalgamation (see "Reverse Takeover" section above), each Subscription Receipt converted, with no additional consideration or action by the holder, to one common share of the Company. Broker compensation warrants, issued on April 16, 2018 with the concurrent closing of the private placement and the RTO transaction, valued at $235,512 were deducted from share capital.

During May, 2018, (i) 400,000 (post-RTO) stock options were exercised at $0.25 per option for gross cash proceeds of $100,000, and (ii) 400,000 (post-RTO) special warrants were exercised at $0.25 per special warrant for gross cash proceeds of $100,000, resulting in the issuance of 800,000 common shares.

During FY2017, the Company completed a number of private placements resulting in the issuance of 1,413,000 common shares at $1.00 per share for gross proceeds of $1,413,000. Broker compensation warrants issued on February 21, 2017 valued at $73,100 were deducted from share capital.

CAPITALIZATION

The Company has common shares and other equity instruments outstanding at each reporting date as follows:

	September 28, 2018	May 31, 2018	May 31, 2017	Change in reporting period
Common shares	25,284,701	25,284,701	18,852,000	6,432,701
Stock options	2,010,000	1,910,000	1,880,000	30,000
Special warrants	800,000	800,000	1,200,000	(400,000)
Broker compensation warrants	671,544	671,544	321,000	350,544
Total equity instruments	28,766,245	28,666,245	22,253,000	6,413,245

Pursuant to the terms of the Amalgamation Agreement, each shareholder of Canntab received four (4) common shares (a "Common Share") of the Issuer for every one (1) common share of Canntab held by such shareholder (the "Exchange Ratio"). In addition, each holder of a stock option or warrant of Canntab received an equal number of replacement stock options, special warrants and broker compensation warrants of the Issuer, as applicable. Accordingly, the outstanding equity instruments previously reported as at May 31, 2017 have been restated by a factor of 4 to 1.

During FY2018, the Company issued 6,432,701 common shares as follows:

(a) 1,251,914 subscription receipts that converted to 5,007,656 common shares (after giving effect to the exchange ratio from the Amalgamation Agreement)
(b) 625,045 common shares to the shareholders of Telferscot as a result of the reverse takeover transaction
(c) 800,000 common shares from the exercise of 400,000 stock options and 400,000 special warrants

During FY2018, the outstanding stock options increased by a net of 30,000 as a result of:

(a) the grant of 430,000 options on April 18, 2018, exercisable at $1.00, expiring after 3 years, vesting as to either (i) immediately, (ii) 1/3 immediately and 1/3 per year thereafter, and (iii) 1/4 immediately and 1/4 per year thereafter
(b) the exercise of 400,000 stock options in May, 2018
(c) in July, 2018, the Company issued 100,000 stock options to an outside consultant, exercisable at $1.00, expiring after 3 years, vesting as to 50% immediately and 50% after one year

In connection with the subscription rights offering described above, the Board of Directors authorized the issuance of (pre-RTO) 87,675 broker compensation warrants exercisable at a (pre-RTO) value of $4.00 each in connection with the December, 2017 private placement. The broker compensation warrants are exercisable at a (post-RTO) value of $1.00 each, expire in 2 years and fully vested immediately. 350,544 post-RTO (87,636 pre-RTO) broker compensation warrants were actually issued on April 16, 2018 with the concurrent closing of the private placement and the RTO transaction.

RELATED PARTY TRANSACTIONS AND BALANCES

During the years ended May 31, 2018 and 2017, the Company had the following related party transactions, including (i) compensation of key current and/or former management personnel and directors, and (ii) transactions with entities related to and/or controlled by officers and/or directors, as follows:

(a) During the year ended May 31, 2018, the Company incurred consulting fees of $240,000 (2017 - $102,315) to two entities controlled by officers and directors of the company. As at May 31, 2018, accounts payable and accrued liabilities included $4,907 (2017 - $31,603) owing to these two entities.

(b) The Company is related to CMAX Technologies Inc. by virtue of common control. During the year ended May 31, 2018, the Company paid rent of $120,000 (2017 - $84,000) to CMAX. The Company also entered into a lease agreement dated December 1, 2017 under which it is obligated to 12 consecutive monthly rent payments of $10,000.

(c) During the year ended May 31, 2017, the Company paid $40,000 to enter into a licensing agreement with CMAX. The amount was capitalized as an intangible asset.

(d) During the year ended May 31, 2017, 1,880,000 (post-RTO) stock options valued at $408,960 were granted to directors and key management and 1,200,000 (post-RTO) special warrants valued at $272,640 were granted to key management, resulting in share based compensation for the year of $681,600. No such options or warrants were issued to related parties in the year ended May 31, 2018.

(e) During the years ended May 31, 2018 and 2017, an entity controlled by an officer and director received financing compensation from the Company, as follows:

  (i) In connection with the February, 2017 financing, 321,000 (post-RTO) broker compensation warrants were granted. The fair value of $73,100 has been included in contributed surplus.
  (ii) In connection with the subscription receipts financing that closed in April, 2018 financing, total cash payments of $269,836 were also made with respect to commissions of $169,683 and corporate finance fees of $100,153. 169,684 (post-RTO) broker compensation warrants were also granted, for which the fair value of $121,646 has been included in contributed surplus.

SUBSEQUENT EVENTS

FSD Pharma agreement

On September 18, 2018, the Company announced that it has entered into a definitive collaboration and profit sharing agreement (the "Agreement") with FSD Pharma Inc. (CSE: HUGE) ("FSD Pharma"), which, through its wholly-owned subsidiary FV Pharma Inc., is a licensed producer pursuant to the Access to Cannabis for Medical Purposes Regulations. Under the terms of the Agreement, FSD Pharma will assist Canntab to obtain a license to process and sell cannabis products pursuant to the Cannabis Act (the "License"). FSD Pharma will provide Canntab with up to 10,000 square feet of space at the FSD Facility (the "Canntab Premises"). Canntab will build and install, at its expense, its own manufacturing facility within the larger FSD Facility.

In consideration of FSD Pharma's services, Canntab will grant FSD Pharma certain royalty and profit sharing rights in connection with the sale of the Canntab products. Canntab will provide FSD Pharma with 50% of the profits that Canntab receives on any retail sales of Canntab Products through channels that are established by FSD Pharma and FSD Pharma will be entitled to retain 50% of the profits on FSD Pharma's sales of the Canntab products. In addition, Canntab shall pay a royalty to FSD equal to 3.5% of Canntab's sale price of all products manufactured and sold by Canntab from the Canntab Premises.

Stock options

On July 16, 2018, the Company issued 100,000 stock options to an outside consultant. Each option entitles the holder thereof to acquire one common share for a period of 3 years at an exercise price of $1.00 per common share. Of the 100,000 options, 50,000 vest immediately, and the remaining 50,000 will vest in one year, provided that the consultant is still providing services to the Company at that time.

On September 18, 2018, the Company also announces that the Board of Directors has authorized the grant of 100,000 incentive stock options to certain employees and consultants. Each such option entitles the holder to acquire one common share for a period of 3 years at an exercise price of $1.22 per common share.

Advisory agreements

In September, 2017, the Company entered into agreements with arm's length companies as follows:

(a) A financial advisory firm to provide services including, but not limited to, capital markets advisory, financial and operational analysis, and recommendations on strategic growth objectives for a monthly fee of $20,000 and 200,000 stock options. Each option entitles the holder to purchase 1 common share of the Company at $1.02 per share at any time up to 36 months from the grant date. The agreement is for a minimum term of three months, continuing on a month-to-month basis thereafter, and can be terminated by the Company any time after the initial term upon 15 days' notice.

(b) An investor relations firm for a monthly fee of $14,000 plus 250,000 stock options. Each option entitles the holder to purchase 1 common share of the Company at $1.02 per share at any time up to 5 years from the grant date. The agreement is for a minimum term of three months, continuing on a month-to-month basis thereafter, and can be terminated by the Company any time after the initial term upon 15 days' notice.

Emblem contract

In September, 2017, the Company received $200,000 upon reaching the second milestone under its agreement with Emblem Corp.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

IAS 7 "Statement of Cash Flow" has been revised to incorporate amendments issued by the IASB in January 2016. The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments are effective for annual periods beginning on or after January 1, 2017. The new amendments were adopted effective January 1, 2017 and their adoption did not have a significant impact on these consolidated financial statements.

IAS 12 "Income Taxes" was amended by the IASB in January 2016 to clarify the requirements for recognizing deferred tax assets on unrealized losses. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. They also clarify certain other aspects of accounting for deferred tax assets. The amendments are effective for annual periods beginning on or after January 1, 2017. The new amendments were adopted effective January 1, 2017 and their adoption did not have a significant impact on these consolidated financial statements.

NEW AND REVISED IFRS STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

IFRS 9: "Financial Instruments: Classification and Measurement of Financial Assets and Financial Liabilities" was issued by the IASB in July 2014 and will replace IAS 39 "Financial Instruments: Recognition and Measurement". In addition, IFRS 7 "Financial Instruments: Disclosures" was amended to include additional disclosure requirements on transition to IFRS 9. The mandatory effective date of applying these standards is for annual periods beginning on or after January 1, 2018. The standard uses a single approach to determine whether a financial asset is measured at amortized cost or fair value. The approach is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used. The standard requires that for financial liabilities measured at fair value, any changes in an entity's own credit risk are generally to be presented in other comprehensive income instead of net earnings. A new hedge accounting model is included in the standard, as well as increased disclosure requirements about risk management activities for entities that apply hedge accounting. The Company is currently evaluating the impact on its financial statements upon adoption of this standard, but does not expect the impact of IFRS 9 on the consolidated financial statements to be material.

IFRS 15 "Revenue from Contracts with Customers" was issued by the IASB in May 2014, which replaces IAS 11 – Construction Contracts, IAS 18 – Revenue and IFRIC 13 – Customer Loyalty Programs ("IFRIC 13"), as well as various other interpretations regarding revenue. IFRS 15 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers, except for contracts that are within the scope of the standards on leases, insurance contracts and financial instruments. IFRS 15 also contains enhanced disclosure requirements. IFRS 15 will be applied for annual periods beginning on or after January 1, 2018. The Company is currently evaluating the impact on its financial statements upon adoption of this standard, but does not expect the impact of IFRS 15 on the consolidated financial statements to be material.

IFRS 16 "Leases" was issued by the IASB in January 2016 and will ultimately replace IAS 17, "Leases" and related interpretations. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract based on whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted for entities that apply IFRS 15. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements and plans to adopt the requirements in 2019.

IFRIC 23 "Uncertainty Over Income Tax Treatments" was issued in June 2017 and is effective for years beginning on or after January 1, 2019, to be applied retrospectively. IFRIC 23 provides guidance on applying the recognition and measurement requirements in IAS 12, Income Taxes, when there is uncertainty over income tax treatments including, but not limited to, whether uncertain tax treatments should be considered together or separately based on which approach better predicts resolution of the uncertainty. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements and plans to adopt the requirements in 2019.

CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and ensure sufficient liquidity in order to develop its resources properties so that it can provide adequate returns for shareholders. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital as total shareholders' equity.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, an effect on the results of operations or financial condition of the Company.

RISKS AND UNCERTAINTIES

An investment in the Company involves significant risks and must be considered speculative due to the nature of the Company's business. Investors should carefully consider the risks and uncertainties described below. This list of risks and uncertainties below is not exhaustive. Furthermore, additional risks and uncertainties not presently known to the Company or that the Company believes to be immaterial may also adversely affect its business.

Risks related to the Company's business

The Company has a history of operating losses, albeit short, but may never achieve profitability in the future. The Company is an early stage product development company, and accordingly, it has not yet generated any revenues.

The Company expects to be involved in research and development to create several oral cannabis products and then performing extensive trial testing and conducting research studies with such products prior to determining their commercial viability. This process may take several years and require significant financial resources without revenue. The Company expects these expenses to result in continuing operating losses for the foreseeable future.

Any failure to successfully develop and obtain regulatory approval for products would have a material adverse effect on the Company's business, financial condition and results of operations.

Protection of patents and trademarks

The Company's success will depend in part upon its ability to obtain maintain current patents and trademarks (as well as successfully file future patents and trademarks) for its current and future product lines. Obtaining such patent and trademark protection can be costly and the outcome of any application for such can be unpredictable. In addition, any breach of confidentiality by a third party by premature disclosure may preclude the obtainment of appropriate patent and trademark protection, thereby affecting the development and commercial value of the Company's technology and products.

Regulatory proceedings, investigations and audits

The Company's business requires compliance with many laws and regulations. Failure to comply with these laws and regulations could subject the Company to regulatory or agency proceedings or investigations and could also lead to damage awards, fines and penalties. The Company may become involved in a number of government or agency proceedings, investigations and audits. The outcome of any regulatory or agency proceedings, investigations, audits, and other contingencies could harm the Company's reputation, require the Company to take, or refrain from taking, actions that could harm its operations or require The Company to pay substantial amounts of money, harming its financial condition. There can be no assurance that any pending or future regulatory or agency proceedings, investigations and audits will not result in substantial costs or a diversion of management's attention and resources or have a material adverse impact on the Company's business, financial condition and results of operation.

Insurance and uninsurable risk

The Company may become subject to risks against which it cannot insure or against which it may elect not to insure. Settling related liabilities would reduce funds available for core business activities. Settlement of uninsured liabilities could have a material adverse effect on our financial position. The Company currently maintains no insurance other than director and officer liability insurance. The Company may, however, acquire insurance in the future to protect against certain risks in such amounts as management considers reasonable. While it may obtain insurance against certain risks, the nature of these risks is such that liability could exceed policy limits or could be excluded from coverage. Even after acquiring insurance, such insurance may not cover all the potential risks associated with product liability. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability.

Product liability

As a cannabis oral dosage formulation company engaged in the research and development of advanced pharmaceutical grade formulations of cannabinoids designed to be ingested by humans, the Company, upon commercial launch, faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the sale of the Company's products involves the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of the Company's products alone or in combination with other medications or substances could occur. The Company may be subject to various product liability claims, including, among others, that the Company's products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Company could result in increased costs, could adversely affect the Company's reputation with its clients and consumers generally, and could have a material adverse effect on our results of operations and financial condition of the Company. This scenario could prevent or inhibit the commercialization of the Company's potential products. To date, there have been no product related issues.

Litigation

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company, such a decision could adversely affect the Company's ability to continue operating and the value of the common shares and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant Company resources, including the time and attention of management and available working capital. Litigation may also create a negative perception of the Company's brand. At this time, there is no outstanding litigation against the Company.

Competition

The planned business to be carried out by the Company will be highly competitive and involve a high degree of risk. In its efforts to achieve its objectives, the Company will compete with other companies that may have greater resources, faster execution to market, and potentially superior products.

Conflicts of interest

The Company's directors and officers may currently be involved, or become involved, in other business ventures that could compete with its products and services. Business opportunities for the Company may create circumstances in which outside interests of directors and officers conflict with the interests of the Company. Directors and officers are required to act in good faith and in a manner that benefits the Company.

It is possible, however, that directors and officers may owe similar consideration to another organization(s). If these and other conflicts of interest are resolved in a way that has a material adverse impact on the Company, the Company will take the necessary steps to protect its interests.

Dependence on key personnel

The Company depends on support from existing directors and officers and its ability to attract, and retain, new directors, officers and other personnel with appropriate skill sets. Inability to retain key team members or find new professionals to serve in important roles could have a material adverse effect on the Company's business. There can be no assurance that we will be able to attract or retain the quality of personnel required in the future.

Financial liquidity

The Company has not yet generated meaningful revenue and will likely operate at a loss until its first product gets to market. It may require additional financing in order to execute its business plan. Its ability to secure required financing will depend in part upon on investor perception of the ability to create a successful business. Capital market conditions and other factors beyond the Company's control may also play important roles in its ability to raise capital. The Company can offer no assurance that it will be able to successfully obtain additional financing, or that future financing occurs on terms satisfactory to management and/or shareholders. If funds are unavailable in the future, or unavailable in the amounts felt required, or unavailable on acceptable terms, the Company may be required to cease operating or modify our business plans in a manner that undermines our ability to achieve our business objectives.

Costs of maintaining a public listing

As a result of obtaining a public listing, the Company will incur greater legal, accounting and other expenses related to regulatory compliance than it would have had it remained a private entity. The Company may also elect to devote greater resources than it otherwise would have on communication and other activities typically considered important by publicly traded companies.

Share price volatility and speculative nature of share ownership

The Company is listed for trading on the CSE, resulting in many legacy shareholders being able to freely trade their shares. Factors both internal and external to the Company may significantly influence the price at which shares trade, and the volatility of the share price. Quarterly operating results and material developments reported by the Company can, and likely will, influence the price of our shares.

Sentiment toward cannabis stocks, as well as toward the stock market in general, is among the many external factors that may have a significant impact on the price of the Company's shares. The Company is a relatively young company that is not generating revenue and does not possess significant cash reserves. As such, it should be considered a speculative investment. There is no guarantee that a liquid market will be developed or maintained for the Company's shares.

Risks relating to the Company's common stock

A decline in the price of the Company's common stock could affect its ability to raise further working capital and adversely impact its ability to continue operations. A prolonged decline in the price of the Company's common stock could result in a reduction in the liquidity of its common stock and a reduction in its ability to raise capital. Because a significant portion of the Company's operations have been and will be financed through the sale of equity securities, a decline in the price of its common stock could be especially detrimental to the Company's liquidity and its operations. Such reductions may force the Company to reallocate funds from other planned uses and may have a significant negative effect on the Company's business plan and operations, including its ability to develop new products and continue its current operations. If the Company's stock price declines, it can offer no assurance that the Company will be able to raise additional capital or generate funds from operations sufficient to meet its obligations. If the Company is unable to raise sufficient capital in the future, the Company may not be able to have the resources to continue its normal operations.

Limited operating history

The Company has not generated significant profits or revenues in the periods covered by its most recent financial statements, and as a result, has only a very limited operating history upon which its business and future prospects may be evaluated. The Company is therefore subject to many of the risks common to early-stage enterprises, including challenges related to laws, regulations, licensing, integrating and retaining qualified employees; making effective use of limited resources; achieving market acceptance of existing and future solutions; competing against companies with greater financial and technical resources; acquiring and retaining customers; and developing new solutions. 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.

Lack of operational liquidity

The expenses of the Company will be funded from cash on hand from the remaining proceeds of the previous offerings. Once such cash has been expended, the Company will be required to seek additional financing. There is no guarantee that any debt or additional equity or equity related offering of securities will be available on terms acceptable to the Company or available at all or that it will be able to locate or sell mineral resources in a timely or profitable manner.

Resignation of key personnel

The success of the Company is highly dependent on the services of certain management personnel. The loss of the services of such personnel if not replaced, could have a material adverse effect on the business operations. The Company does not currently have key-person insurance on these individuals.

Dilution

The Company may make future acquisitions or enter into financings or other transactions involving the issuance of securities of the Company which may be dilutive to the existing shareholders.

Dividends

No dividends on the common shares have been paid by the Company to date. The Company currently plans to retain all future earnings and other cash resources, if any, for the future operation and development of its business. Payment of any future dividends, if any, will be at the discretion of the Company's Board of Directors after considering account many factors, including the Company's operating results, financial condition, and current and anticipated cash needs.

Financial market turmoil

Global financial market and economic conditions can pose a significant threat to economic growth in almost all sectors and economies, causing a decline in consumer and business confidence, a reduction in credit availability and a dampening in business and household spending.