Management's Discussion and Analysis

For the Fiscal Year Ending April 30, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management's Discussion and Analysis ("**MD&A**") of Canada House Wellness Group Inc. (the "**Company**" or "**Canada House**") was prepared in accordance with National Instrument 51-102 *Continuous Disclosure Obligations* and should be read in conjunction with the audited fiscal year consolidated financial statements and related notes thereto of the Company for the year ending April 30, 2019 and 2018 (the "**Financial Statements**"). The Company files its Financial Statements, press releases and other required disclosure documents on the SEDAR database at www.sedar.com. All amounts are in thousands of Canadian dollars.

The Company prepared the Financial Statements in accordance with International Financial Reporting Standards ("**IFRS**"). Except where otherwise indicated, all financial information reflected herein is expressed in Canadian Dollars.

This MD&A may contain information and declarations on the future performance of the Company that are, by nature, forward looking. These declarations reflect management's expectations regarding future events based on assumptions and uncertainties that are subject to the risk factors identified in the ''Risks and Uncertainties'' section of this MD&A. Readers are hereby cautioned.

The Financial Statements and MD&A of the Company in respect of the fiscal year ending April 30, 2019 and 2018 were reviewed and approved by the Board of Directors of the Company on August 27, 2019. The effective date of the MD&A is August 27, 2019.

FISCAL YEAR HIGHLIGHTS

Canada House continued to execute its business plan during the year.

Canada House rebranded its clinic group, expanded its target market and opened new clinics

In September 2018, after five years of servicing Veterans and the public, 672800 NB Inc. doing business as Marijuana for Trauma, changed its name and rebranded itself as Canada House Clinics Inc. ("CHC"). In November, 2018 CHC, entered into a strategic partnership with Peak Pharma Solutions, leveraging its new clinic branding and organizational changes to position itself for accelerated growth.

In January, 2019, CHC and HelloMD, a leading online cannabis telehealth company announced a new medical cannabis partnership that supports Canada House's 2019 growth through expanded access to practitioner-led advice.

In February, 2019, CHC announced the opening of its first Toronto clinic at the Champagne Centre, a multidisciplinary medical complex in North York, a first step to its expansion to larger centres due to a significant and growing demand amongst key demographics including Boomers and Seniors, in addition to the Veterans historically serviced by its clinics. The Champagne Centre is an innovative 270,000 square foot health, sports, and wellness complex that includes the PolyClinic Family and Specialty Medicine Facility which has over 70 physicians and a wide range of diagnostic testing facilities. The strategic location will assist Canada House in extending its reach to new patients with specific health and wellness concerns. In addition, a major hospital in North York recently announced its plans to open a large outpatient clinic in the Champagne Centre in 2019, adding to the 1,200 patients per day that visit the Champagne

Centre. Canada House is committed to working with the health system to secure coverage for medical cannabis patients by taking an evidence-based medical approach to responsible and effective cannabinoid therapy. CHC's first Toronto clinic is yet another step in this direction, endeavoring to reach out to potential new users of medical cannabis.

In June, 2019, CHC opened its first clinic in Halifax, announced the relocation of its Petawawa clinic to a larger space and launched a new clinic model in Edmonton. With these additions, CHC will operate 14 clinics across Canada.

Canada House Receives Cannabis Sales Licenses from Health Canada and Expands Production Capacity

In July, 2018, Canada House Wellness Group Inc. announced that its wholly owned subsidiary, Abba Medix Corp. ("Abba"), a licensed cannabis producer under the Access to Cannabis for Medical Purposes Regulations (the "ACMPR") completed its Health Canada pre-sales inspection and received an amendment to its Producer's Licence from Health Canada to include the sale and provision of marihuana seeds,. To support this sales license Abba has secured an exclusive Canadian distribution agreement with a well-established UK seed producer and now has access to more than 800 cannabis strains. More than 200 of these strains are immediately available for sale by Abba.

In October, 2018, Abba continued efforts to sell seeds from its genetic library to the Canadian Licensed Producer community through its online e-commerce platform, http://www.abbamedixgenetics.com. Licensed Producers register for access to the website where they can directly purchase over 200 strains of cannabis seeds, ensuring that the genetics offer superior commercial production opportunities. The number of available strains is being increased through an exclusive relationship with a premium seed producer in Europe.

In November, 2018, Abba announced the harvest of four batches of cannabis at its Pickering, Ontario facility and submitted them for lab analysis. In addition, in anticipation of Health Canada's pre-sales inspection, two batches of bulk purchased cannabis were packaged using the material, equipment and processes required for a future sales license.

In December, 2018, Canada House announced that it its wholly owned subsidiary, Abba received approval from Health Canada to sell Cannabis to other Licensed Producers, effective December 21, 2018, in accordance with sections 27 and 289 of the Cannabis Regulations under the Cannabis Act. This approval amended the earlier license held by Abba to include the sale of dried cannabis, cannabis oil, seeds, cannabis plants, and fresh cannabis for medical purposes.

Also in December 2018, Abba entered into an agreement with a related party to acquire 54 acres of property in the Town of Vegreville, Alberta for development of a new production facility to support its medical and recreational cannabis sales in Western Canada. The acquisition includes all assets of the vendor limited partnership including, the underlying title of the 54 acre parcel, the county rezoning approval for cannabis production, a support letter from the Town of Vegreville and the county of Minburn and a complete ACMPR application in the security and review stage. CHV's Board of Directors commissioned two (2) third-party and independent appraisals, the lowest of which valued the assets at ~$3.8 million. The Facility (the "Facility") has a potential of 160,000 sq. ft which is expected to achieve ~31,000 kilograms of dried product per year upon completion. The Facility, which is to be constructed in 4 phases, will support growing and finished product operations, research & development, extractions, and new product development. Management expects the Facility to have an initial production ~2,000 kilograms of dried

product per year by the end of calendar year 2019 and to ramp up to 31,000 kilograms of dried product per year by the end of calendar year 2022. All requisite services and infrastructure are in place to proceed with the development. In a further update in January, 2019, Abba clarified that the acquisition includes two properties located 200 metres outside the town of Vegreville, the property has been approved for cannabis production by the county and assigned the zoning of Marijuana Processing Facility-Direct Control District, in accordance with local land use by-laws. The property is serviced with natural gas, water, sewer, and power and is expected to be annexed by Vegreville in the near future. The Town of Vegreville and County of Minburn welcome the opportunities offered by this acquisition with a quality, skilled agricultural workforce. In addition to the land, the acquisition agreement includes the vendor's Standard Cultivation and Processing Application currently in the review and security stage with Health Canada as well as an approved conceptual scheme, site surveys, geotechnical survey, and Development Permit Application.

In February, 2019, Abba accelerated its phenotyping program of 62 in-house genetics and announced its intent to enter into full-scale production of EU-GMP certified cannabis.

In May, 2019, Abba announced its first harvest from its licensed facility in Pickering.

In July, 2019, Abba applied to Health Canada to amend its existing sales license to allow for the sale of its own cannabis, and provided to the Minister of Health a 60-day notice of its intent to sell its packaged cannabis, including its own Abba Medix brand, in dried flower format, directly to registered medical patients and authorized provincial/territorial distributors and retailers across Canada. Abba also continues to move forward with further amendments to its sales license for oils and other product formats.

Canada House Wellness Group Expanded its Pursuit of the Recreational Market

In April, 2019, Canada House Wellness Group Inc. announced that it signed a lease agreement for a licensed Cannabis Dispensary in Southeast Edmonton, Alberta and received a Major Development Permit to begin construction. Canada House's first recreational dispensary will be conveniently located adjacent to the Company's existing medical cannabis location. According to a recent report by CBC, Alberta pot smokers are expected to spend about $940 million on legal weed by 2024, with the province becoming Canada's second-largest market for cannabis behind Ontario. U.S.-based research firms BDS Analytics and Arcview Market Research said in a new report Albertans spent about $216 million on medical and retail cannabis last year. The forecast predicts demand will more than quadruple in the next five years. By the end of February, there were 75 retail cannabis stores operating in Alberta, 24 of which are in Calgary. The province's stores have combined to sell $33 million worth of legal marijuana since October 17, 2018.

In July, 2019, Canada House announced a partnership with Weedbox Inc. The agreement leverages Canada House cultivation expertise with Weedbox's extensive brand and retail experience and establishes its first cannabis retail location for both organizations under the Weedbox retail brand, Somewhere Variety®, in Edmonton, Alberta. Under the agreement, the companies will work together to launch signature brands of top-grade cannabis products into the recreational market and plan to develop flower, vapes, topical and sublingual products, pre-rolls, concentrates, and edibles (subject to applicable legislation and regulations) under four categories – Wellness, Skin Care & Beauty, Apparel & Home, and Accessories.

Corporate Announcements

In February 2019, Canada House Wellness Group Inc. announced the appointment of Ernst & Young LLP ("E&Y") as its auditor. Following the recommendation of the Audit Committee, the Company's Board of Directors accepted the resignation of RSM Canada LLP ("RSM") and approved the appointment of E&Y.

In March 2019, Canada House Wellness Group Inc. announced that it had closed its financing of units ("Units") resulting in total gross proceeds to the Company of $3.3 million (the "Offering"). The Offering was oversubscribed beyond the $3 million maximum Offering initially announced by the Company.

BUSINESS OVERVIEW

Canada House was incorporated on September 29, 1982 under the *Business Corporations Act* (British Columbia) and was continued under the *Canada Business Corporations Act* ("CBCA"). The head and registered office of the Company is located at 1773 Bayly Street, Pickering, Ontario.

The Company's common shares (the "Common Shares") are listed on the CSE under the trading symbol "CHV." The Corporation is a reporting issuer in the Provinces of British Columbia, Alberta and Ontario.

The Company is the parent company of Abba Medix Corp. ("Abba"), a Licensed Producer in Pickering, Ontario that produces high quality medical grade cannabis; Canada House Clinics Inc. ("CHC"), which operates clinics across the country that work directly with primary care teams to provide specialized cannabinoid therapy services to patients suffering from simple to complex medical conditions, 690050 NB Inc. doing business as Knalysis Technologies ("Knalysis"), a provider of fully customizable, cloud-based software that links physician, provider, and patient to data that supports treatment with medical cannabis and 2104071 Alberta Inc. ("2104071"), which is targeted at the recreational cannabis market, with its initial dispensary in Edmonton, Alberta. Canada House's goal is to become the leading cultivator of premium craft cannabis and provider of cannabinoid therapy, targeting the medical cannabis markets globally.

Corporate Structure:

Abba, CHC, Knalysis and 2104071 are each wholly-owned subsidiaries of Canada House.

Abba was incorporated under the *Business Corporations Act* (Ontario) in 2013 and is a licensed producer (a "**Licensed Producer**") under the *Cannabis Act*, S.C. 2018, c.16 (the "**Cannabis Act**") and *Cannabis Regulations* (Canada) (the "**Cannabis Regulations**"). Abba also obtained a license to cultivate in Pickering, Ontario in September 2017 and a sales license in December 2018. Abba has approximately 22,000 square feet in its indoor, controlled grow facility in Pickering, Ontario.

CHC was incorporated under the *Business Corporation Act* (New Brunswick) on October 7, 2013 as 672800 NB Inc. and operated under the business name "Marijuana for Trauma" until being rebranded as Canada House Clinics in October 2018. CHC owns and operates medicinal cannabis clinics. It provides services to assist their patients in selecting a Licensed Producer, identify appropriate strains, and consult and support patients regarding the use of medical cannabis inclusive of issuing a Medical Document (authorization to purchase medical cannabis).

The Company acquired Knalysis in January, 2018. Knalysis creates tools for better cannabis health outcomes by its innovative software that seamlessly links physicians, providers, and patients, offering a

global approach to reporting, monitoring and care. Its leadership team envisioned a need for health technology connecting every aspect of the medical marijuana field, and has pioneered software to meet this need. Its products were developed with a national network of clinicians in the medical marijuana domain, and are built to deliver better monitoring of symptoms, moods, and treatments for both physician and patient.

2104071 was incorporated under the Business Corporations Act (Alberta) on March 8, 2018 and owns and operates a licensed cannabis dispensary in Edmonton, Alberta.

Issuers with U.S Cannabis-Related Activities

As discussed below under "*Pennsylvania*," Canada House's subsidiary, Knalysis, is in the business of developing and selling on a SaaS basis medical marijuana patient management software. It has one client in the United States, operating a clinic in the state of Pennsylvania.

United States Federal Law

Almost half of the states in the United States have enacted legislation to regulate the sale and use of medical cannabis without limits on tetrahydrocannabinol ("THC"), while other states have regulated the sale and use of medical cannabis with strict limits on the levels of THC. Notwithstanding the permissive regulatory environment of medical cannabis at the state level, cannabis continues to be categorized as a controlled substance under the Controlled Substances Act (the "U.S. CSA") in the United States and as such, is in violation of federal law in the United States. Despite the current state of the federal law and the U.S. CSA, certain states have legalized the recreational use of cannabis, including Oregon and California, where the Company has a direct involvement in the U.S. cannabis industry.

As a result of the conflicting views between state legislatures and the federal government regarding cannabis, investments in cannabis businesses in the United States are subject to inconsistent legislation and regulation. The Supremacy Clause of the United States Constitution establishes that the United States Constitution and federal laws made pursuant to it are paramount and in case of conflict between federal and state law, the federal law must be applied. Notwithstanding the paramountcy of federal law in the United States, enforcement of such laws may be limited by other means or circumstances, which are further described in this document. See "Enforcement of United States Federal Laws and United States Enforcement Proceedings".

While marijuana and Cannabis-Infused Products are legal under the laws of several U.S. states (with vastly differing restrictions), presently the concept of "medical marijuana" and "retail marijuana" do not exist under U.S. federal law. The United States Federal Controlled Substances Act classifies "marijuana" as a Schedule I drug. Under U.S. federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of safety for the use of the drug under medical supervision. The United States Supreme Court has ruled in a number of cases that the federal government does not violate the U.S. Constitution by regulating and criminalizing cannabis, even for medical purposes. Therefore, federal law criminalizing the use of marijuana pre-empts state laws that legalizes its use for medicinal and adult-use purposes.

The U.S. Department of Justice has issued official guidance regarding marijuana enforcement in 2009, 2011, 2013, 2014 and 2018 in response to state laws that legalize medical and adult-use marijuana. In each instance, the U.S. Department of Justice (the "DOJ") has stated that it is committed to the

enforcement of federal laws and regulations related to marijuana. However, the DOJ has also recognized that its investigative and prosecutorial resources are limited. As of January 4, 2018, the U.S. Department of Justice has rescinded all federal enforcement guidance specific to marijuana and has instead directed that federal prosecutors should follow the "Principles of Federal Prosecution" originally set forth in 1980 and subsequently refined over time in chapter 9-27.000 of the U.S. Attorney's Manual creating broader discretion for federal prosecutors to potentially prosecute state-legal medical and adult-use marijuana businesses even if they are not engaged in marijuana-related conduct enumerated by the Cole Memo as being an enforcement priority. Prior to 2018 and in the Cole Memo, the U.S. Department of Justice acknowledged that certain U.S. states had enacted laws relating to the use of marijuana and outlined the U.S. federal government's enforcement priorities with respect to marijuana notwithstanding the fact that certain states have legalized or decriminalized the use, sale, and manufacture of marijuana. "Cole Memo" means the memorandum dated August 29, 2013, addressed to "All United States Attorneys" from James M. Cole, Deputy Attorney General of the United States, as may be supplemented or amended indicating that federal enforcement of the applicable federal laws against cannabis-related conduct should be focused on eight priorities, which are to prevent: (1) distribution of cannabis to minors; (2) criminal enterprises, gangs and cartels from receiving revenue from the sale of cannabis; (3) transfer of cannabis from states where it is legal to States where it is illegal; (4) cannabis activity from being a pretext for trafficking of other illegal drugs or illegal activity; (5) violence or use of firearms in cannabis cultivation and distribution; (6) drugged driving and adverse public health consequences from cannabis use; (7) growth of cannabis on federal lands; and (8) cannabis possession or use on federal property.

On January 4, 2018 and as discussed above, the Cole Memo was rescinded by a one-page memo signed by the former U.S. Attorney General Jeff Sessions ("Sessions Memorandum"). Canada House believes that the Sessions Memorandum does not represent a significant policy shift as it does not alter the U.S. Justice Department's discretion or ability to enforce federal marijuana laws rather just provides additional latitude to the U.S. Justice Department to potentially prosecute state-legal marijuana businesses even if they are not engaged in marijuana-related conduct enumerated by the Cole Memo as being an enforcement priority. U.S. state attorney generals will continue to have discretion over how the federal law is enforced with respect to the companies that operate in the states where cannabis has been legalized for medical or adult use. Even though the Cole Memo has been rescinded Canada House intends, as guiding corporate policy, to continue to abide by its principles and prescriptions, as well as strictly following the regulations set forth by the current U.S. Federal enforcement guidelines relating to U.S. states in which the Company operates or has investments in. There is no guarantee that the current presidential administration will not change its stated policy regarding the lowpriority enforcement of U.S. federal laws that conflict with state laws. Additionally, any new U.S. federal government administration that follows could change this policy and decide to enforce the U.S. federal laws vigorously. Any such change in the U.S. federal government's enforcement of current U.S. federal laws could cause adverse financial impact and remain a significant risk to the Company's business.

On December 16, 2014, President Obama signed the H.R.83 - Consolidated and Further Continuing Appropriations Act, 2015 ("Omnibus Bill"), approving spending for certain federal agencies through September 30, 2015. Section 583 of the Omnibus Bill prohibits the United States government from using federal funds to prevent states with medical marijuana laws from implementing state laws that authorize the use, distribution, possession, or cultivation of medical marijuana.

On May 5, 2017, U.S. President Trump signed into law H.R. 244 - the Consolidated Appropriations Act, 2017, which authorizes appropriations that fund the operation of the Federal Government through September 30, 2017. Section 587 of the Consolidated Appropriations Act prohibits the United States government from using federal funds to prevent States with medical marijuana laws from implementing

state laws that authorize the use, distribution, possession, or cultivation of state-legal medical marijuana. Nevertheless, (1) this does not prevent the United States government from using federal funds to prevent states with retail marijuana laws from implementing such laws requiring use, distribution, possession or coloration of adult use marijuana; and (2) there can be no certainty that future U.S. federal funding bills will include similar provisions.

On November 14, 2017, Jeff Sessions, the former Attorney General of the United States appearing before the House Judiciary Committee commented on prosecutorial forbearance regarding state-licensed marijuana businesses. In his statement Mr. Sessions stipulated that the U.S. Federal Government's current policy is the same fundamentally as the Holder-Lynch policy, whereby the states may legalize marijuana for its law enforcement purposes, but it still remains illegal with regard to federal purposes.

On March 22, 2018, the House of Representatives and Senate voted in favour of approving the Omnibus Spending Bill and it was signed into law the following day by the President of the United States. Section 538 of the Bill provided for an extension of the Rohrabacher-Leahy Amendment until September 30, 2018. The extension has been extended through December 22, 2018 as part of a short-term continuation of appropriations. The Rohrabacher-Leahy Amendment prevents the U.S. Department of Justice from using federal funds in enforcing federal law relating to state-legal medical cannabis, which effectively allows states to implement their own laws that authorize the use, distribution, possession, or cultivation of medical marijuana. The amendment was first introduced in 2014 and has been reaffirmed annually since that time. It should be noted that this amendment does not apply to state-legal retail marijuana.

On April 13, 2018, the Washington Post reported that President Trump provided assurances that he will support a federalism-based legislative solution to fix the issue regarding of states' rights to regulate cannabis. Around the same timeframe it was announced that a former Republican House Speaker John Boehner has been appointed to the advisory board of a U.S. cannabis company.

On April 4, 2019, the “Strengthening the Tenth Amendment Through Entrusting States Act” (“STATES Act”) was introduced in the Senate by Democratic Senator Elizabeth Warren of Massachusetts, along with 9 cosponsors, 5 republicans and 4 democrats. That same day, an identical bill was introduced in the House by Democratic representative Earl Blumenauer of Oregon, along with 47 Cosponsors, 31 democrats and 16 republicans. The bill provides in relevant part that the provisions of the CSA, as applied to marijuana, “shall not apply to any person acting in compliance with state law relating to the manufacture, production, possession, distribution, dispensation, administration, or delivery of marihuana.” Even though marijuana will remain within Schedule I under the STATES Act, it makes the CSA unenforceable to the extent it is in conflict with state law. In essence, the bill extends the limitations afforded by the Rohrabacher-Blumenauer protection within the federal budget − which prevents the Department of Justice and the Drug Enforcement Agency from using funds to enforce federal law against state-legal medical cannabis commercial activity − to both medical and recreational cannabis activity in all states where it has been legalized. By allowing continued prohibition to be a choice by the individual states, the STATES Act does not fully legalize cannabis on a national level. In that respect, the bill emphasizes states’ rights under the Tenth Amendment, which provides that “the powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people.”

On November 7, 2018, Jeff Sessions resigned as Attorney General, William Barr was then appointed as Attorney General on February 14, 2019, and in his hearing, mentioned that he would “not go after companies that have relied on the Cole memorandum” nor would he “upset settled expectations and reliant interests” related to it.

On February 8, 2018, the Canadian Securities Administrators ("CSA") published Staff Notice 51-352 (Revised) – Issuers with U.S. Marijuana-Related Activities, which provides specific disclosure expectations for reporting issuers in Canada that currently have, or are in the process of developing, cannabis-related activities in the United States as permitted within a particular state's regulatory framework. All reporting issuers with U.S. cannabis-related activities are expected to clearly and prominently disclose certain prescribed information in prospectus filings and other applicable disclosure documents in order to fairly present all material facts, risks and uncertainties about issuers with U.S. cannabis-related activities. Such disclosure includes, but is not limited to, (i) a description of the nature of a reporting issuer's involvement in the U.S. cannabis industry; (ii) an explanation that cannabis is illegal under U.S. federal law and that the U.S. enforcement approach is subject to change; (iii) a statement about whether and how the reporting issuer's U.S. cannabis-related activities are conducted in a manner consistent with U.S. federal enforcement priorities; and (iv) a discussion of the reporting issuer's ability to access public and private capital, including which financing options are and are not available to support continuing operations. Additional disclosures are required to the extent a reporting issuer is deemed to be directly or indirectly engaged in the U.S. cannabis industry, or deemed to have "ancillary industry involvement", all as further described in the Staff Notice. Public reaction to the notice was generally positive and industry participants welcomed the opportunity to review and provide enhanced disclosure.

To ensure compliance with United States Federal and State laws, Canada House does not operate in jurisdictions which have not legalized marijuana and does not intend to operate in U.S. State jurisdictions which have legalized marijuana but not developed a licensing and compliance regime for Licensed Operators, in a manner compliant with guidance previously provided by the Cole memo. For greater certainty, if required, the Company will seek legal advice. To date, no such legal advice has been received, but as of the date of this MD+A, Canada House has not received any notices of violation, denial or non-compliance from any U.S. authorities. The United States has to date not been a target market for Canada House and going forward, if required, the Company intends to institute a formal monitoring system for compliance before pursuing such opportunities.

Pennsylvania

The Pennsylvania Department of Health is in the process of implementing the state's Medical Marijuana Program, signed into law on April 17, 2016. When fully implemented, the Medical Marijuana Program will provide access to medical marijuana for patients with a serious medical condition through a safe and effective method of delivery that balances patient need for access to the latest treatments with patient care and safety. Residents with any of 21 illnesses that qualify them for medical marijuana will be able to buy dry leaf, or buds, to help alleviate their symptoms, but smoking is prohibited and patients will have to purchase and learn how to use a vaporizer. The Department issued permits for the sale of medical cannabis by dispensaries, with each dispensary limited to no more than three separate locations. Those that are awarded a permit must complete a two-hour training course. As permitted by the Act, the department may provide for other requirements through temporary regulations.

Knalysis is in the business of developing and selling on a SaaS basis medical marijuana patient management processing services. Knalysis has a client that currently operates a clinic in the state of Pennsylvania and has provided clinic software for revenue of $188 during the year ending April 30, 2019. The Pennsylvania's clinic operations are limited to cannabis advice and prescriptions. This clinic is not vertically integrated. To the knowledge of the Company, the business of these clients is in compliance with the applicable licensing requirements and regulatory framework of Pennsylvania.

Business Strategy and Developments

Canada House believes a vertical integration strategy is well suited to the Medical Cannabis Market, sharpening the focus on the above critical success factors and facilitating sustainable growth and profitability through strong relationships with its patients and internalizing profit margins throughout the supply chain by growing and selling product from its own licensed producer that meets the needs of its patients.

In September, 2018, the Company announced that after five years of servicing Veterans and the public as "Marijuana for Trauma," its medical cannabis specialty clinics were rebranded as Canada House Clinics™ (CHC") and articles of amendment were filed to change the Company's name to Canada House Clinics Inc. CHC's mission is to improve the quality of life for anyone suffering from post-traumatic stress disorder, chronic pain and/or other medical conditions. CHC is not in the business of growing or distributing cannabis and will not undertake these activities in the future. CHC provides education services to assist their patients in selecting a Licensed Producer, identify appropriate strains, and consult and support patients regarding the use of medical cannabis. Since its inception, CHC has directly supported thousands of veterans and civilians across Canada with comprehensive service and care. CHC currently has two clinics in Alberta, one in each of Prince Edward Island and Newfoundland, 3 clinics in New Brunswick, 2 clinics in Nova Scotia and 5 clinics in Ontario. CHC continues to provide a community environment for those engaged in the process of healing with a focus on support during the various steps of the program. Clients of CHC clinics are educated to understand the possible benefits of cannabinoid therapy, and, if appropriate, introduced to a professional who can write a cannabis prescription in order to meaningfully improve the quality of lives for veterans, first responders and civilians alike.

CHC continues to execute several initiatives to provide better service and support for their patients. It continued to make improvements to its Cannabis Patient Management ("CPM") software, including new physician services capabilities and an improved service to patients, with 48 to 72 hour response times for all prescriptions and renewals. The CPM software not only allows for better service to existing clients, it also improves the efficiency of managing patient care. New clinics have been added in Ontario, in addition to existing clinics in New Brunswick, Nova Scotia, Newfoundland, Quebec and Alberta.

In the interest of providing superior, comprehensive service to its clients, CHC has added Licensed Practical Nurses to provide Cannabinoid Therapy Education ("CTE") to all clients, which is an integral part of the Company's vision in offering better health outcomes to those seeking alternative treatments towards improving their quality of life. Patients in Ontario also now have access to educators and prescribers at no additional cost which allows CHC to help patients quickly and securely.

New clients must register online on CHC's website or walk in to a clinic for a hard copy registration package. In order to register, clients must provide a referral or diagnosis and proof of identity. Once a client profile is created, all pertinent medical information is uploaded for CTE and Prescribers. The first appointment is then set up to provide the client with CTE in order to review their medical history and provide education with regards to their specific diagnoses and dosing recommendation. It is the client's ultimate responsibility to select the most appropriate Licensed Producer. CTE's are generally unaware of fee arrangements with Licensed Producers and recommendations by the CTE to clients are therefore not informed by these fee arrangements.

In addition, CHC continues to add Licensed Producers to provide greater capacity and more care alternatives. As of January 31, 2019, CHC had over twenty-five agreements with Licensed Producers from which CHC patients could choose their medicine and will soon be providing cannabis from its own licensed producer. CHC's clinics also provide Second Level Assessments for veteran clients who require an increased level of care.

Licensed Producer

Abba has completed significant improvements to its facility in Pickering, Ontario. These improvements include substantial upgrades to the security system, upgrades to the floor plan, mechanical and HVAC systems to support proven commercial production methods, and the commencement of expansion design work to include a larger vault, staging area and extraction lab. Since obtaining the License, Abba has invested approximately $6,815 in improvements to the facility, including a nursery, vegetative rooms, flowering rooms, a drying room and required vault, storage space, production equipment and security systems. It is projected that this Phase 1 will have the capacity to produce up to between 2,000 and 3,000 kg of premium cannabis annually, with plans to carefully and strategically increase this over time. Abba also has an exclusive license for Canada for proven commercial production Standard Operating Procedures from Medicine Man Technologies Inc. (OTCQB:MDCL) ("MMT), one of the United States' leading cannabis branding and consulting companies, to enable it to deliver industry leading quality and yields of cannabis and nutrients into the Canadian marketplace and resell MMT's intellectual property to micro-growers. It has also licensed seed-to-sale software and equipment from Ample Organics. The Company believes that with this technology that it can maximize yields and quality of its own grow operations, as well as open new revenue opportunities.

In March, 2018, Abba received its starting genetics, including forty-seven strains of cannabis. In May, 2018, Abba announced it had planted its first high grade medicinal cannabis seeds and in July 2018, Health Canada extended its sales license to include marijuana seeds. In October 2018, Abba launched its website, http://www.abbamedixgenetics.com, an online e-commerce platform aimed at selling seeds to the Canadian LP community.

A summary of the dates and descriptions of the Abba licenses to date follow below:

Date	Description
September 01 , 2017 License No 10-MM0264/2017	Cannabis Cultivation License Sales or Provision of 1. dried marijuana 2. marijuana plants 3. marijuana seed Under ACMPR sub sec 22 (2)-limited This licensed producer may sell, provide, ship, transport and deliver substances authorized for sales or provision on this licensed to license dealer solely for the purpose of conducting analytical testing.

September 29, 2017 License No 10-MM0264/2017	Destruction room -included as Sub div C room Still under Under ACMPR sub sec 22 (2)-limited. This licensed producer may sell, provide, ship, transport and deliver substances authorized for sales or provision on this licensed to license dealer solely for the purpose of conducting analytical testing.
April 20, 2018 License No 10-MM0264/2018	Production of 1. Bottled cannabis oil production 2. Cannabis in in its natural form/cannabis resin added additional subdivision C grow room and oil extraction room included in the license Sale is Still under Under ACMPR sub sec 22 (2)-limited. his licensed producer may sell, provide, ship, transport and deliver substances authorized for sales or provision on this licensed to license dealer solely for the purpose of conducting analytical testing.
July 20, 2018 License No 10-MM0264/2018	Selling seeds to Licensed Producers Still under Under ACMPR sub sec 22 (2)-limited. This licensed producer may sell, provide, ship, transport and deliver substances authorized for sales or provision on this licensed to license dealer solely for the purpose of conducting analytical testing.
July 31, 2018 License No 10-MM0264/2018	Production of Fresh Cannabis Sale Still governed by the section 22(2) limited version
November 10, 2018 License No. LIC-MZPK573ALN-2018-1	Updated License under Cannabis regulations Standard cultivation license Standard Processing license (including sales of seeds and planting materials)
December 21, 2018 License No. LIC-MZPK573ALN-2018-1	Sales (Medical) -Dried cannabis License with condition

Technology

Knalysis. On January 12, 2018, by completing the acquisition of all of the issued and outstanding shares of Knalysis, Canada House positioned itself to gain new insights into medical cannabis patient care and clinic operations. Knalysis is a software development company that has developed various electronic programs and applications which include the Knalysis Wellness Tracker Application, its Data Analytics Web Portal and the Cannabis Patient Management software that has been adopted by MFT.

The Knalysis Wellness Tracker Application has the ability to quantify how effective cannabis products are at treating the symptoms of an individual. By keeping track of one's treatments, moods and general physical condition throughout the day using the Knalysis Wellness Tracker Application, MFT's trained professionals are able to identify different products and strains that will relieve specific symptoms of suffering patients, and allow them to regain their optimal physical, mental and emotional balance that has been compromised by trauma and harmful "pharmaceutical cocktails". The Knalysis Wellness Tracker Application can be downloaded from the Apple store for use with iPhones and iPads, or from Google Play for Android phones and tablets. More than 12,000 medical cannabis patients have been registered on the Knalysis software platforms. When the data from this patient base is coupled with Knalysis' US customer base, more than 32 million data points have been collected which will better help MFT provide the best care for their patients.

In April, 2018 Knalysis was selected as a finalist for the Knowledge and Innovation Recognition Awards ("KIRA") award for the most innovative start-up. The award is offered by such agencies as Opportunities New Brunswick ("ONB"), Atlantic Canada Opportunities Agency and the Canadian federal government to recognize companies, organizations, and individuals in New Brunswick for their role in the development and/or application of innovative products, processes, services, technologies, or business models. KIRA seeks to encourage and foster a culture of knowledge and innovation in New Brunswick. In May, 2018, Knalysis announced they were forging a new partnership with New Frontier Data, a leader in business intelligence in the cannabis industry. Building on the data collected from MFT and other sources, Knalysis sponsored New Frontier Data's Canada Cannabis Report: Industry Outlook 2018 and continues to develop new revenue opportunities with third party clinics.

Corporate activities

During the fiscal year ended April 30, 2019 Canada House successfully organized financings totaling $5,707 (2018: $14,873). Proceeds from these financings have allowed us to expand our facility in Pickering, Ontario, establish new relationships and further develop our senior management team. To further our medical cannabis strategy, we have an MOU with University of New Brunswick to contribute information, expertise and/or resources to the development and support of mutually agreed upon education and/or research projects. The scope of potential joint initiatives range from professional course development to supporting new technology platforms and products to genetic/biology research to data collection. We believe these kinds of initiatives are essential to establish scientific credibility and gain additional support from the medical community and we believe we are among the leaders in this pursuit.

We are, first and foremost, a medical cannabis company and we expect to grow a) organically, by continuing to expand our patient base in a profitable manner b) by acquiring other medical cannabis customers c) by partnering with scientists with a focus on medical cannabis and d) mergers and acquisitions.

Partnerships.

The Company believes that it can accelerate profitable growth by partnering with leaders in the cannabis industry.

a) Nutritional High. In October, 2017 Canada House through Abba, entered into a joint venture with Nutritional High International Inc. ("Nutritional High") to manufacture cannabis oil extracts and cannabis-infused products in Canada. Nutritional High is an innovator in the infused edibles and oil extraction market, and intends to utilize a 2,000 square foot area at Canada House's Pickering facility to house a cannabis oil extraction operation under the ACMPR. By securing a supplemental license from Health Canada for the production of medical cannabis oils and working with Nutritional High to manufacture the edibles, Canada House aims to be a leader in this area, thereby providing additional delivery alternatives to our current and prospective patients. Nutritional High's extraction processes enable the production of high quality cannabis oil that allow for reliable and consistent dosing and focuses on developing, manufacturing and distributing products and brands in the marijuana-infused products industries that will allow for reliable and consistent dosing. It is expected that this venture will provide Canada House with a substantial additional, diversified, revenue stream not only from its medical patients, but also from recreational users.

b) New Frontier Data. In May, 2018, Knalysis sponsored New Frontier Data's Canada Cannabis Report: Industry Outlook 2018, a first for the Canadian market, including capital and performance data; detailed demand forecasts; regulatory timeline impacts; top LP size considerations; consumer preferences and other medical marketing data that can assist industry stakeholders. New Frontier Data is the dominant player in the cannabis data space and working towards a long-term collaboration to bring our data to bear as Knalysis continues to track, optimize and prove the efficacy of medical marijuana.

c) University of New Brunswick. Also in May, 2018, Canada House announced that it had signed a Memorandum of Understanding (MOU) with The University of New Brunswick (UNB) to provide researchers with opportunities to pursue the health benefits of cannabis. Working with Canada House's team of medical, technological, scientific and business professionals, this may lead the way in developing and executing multiple shared projects that will be at the forefront of medical cannabis research.

d) Medicine Man Technologies In July 2018, Canada House, entered into, through its wholly owned subsidiary Abba Medix Corp., an exclusive licensing agreement with Medicine Man Technologies Inc., one of the leading cannabis branding and consulting companies, for deployment of its intellectual property and product lines (Three a Light ®, Success Nutrients ®, General Intellectual Property) into the Canadian marketplace. Medicine Man and Canada House will be working together on product development, in particular focusing on the deployment of a highly efficient network of newly announced microcultivator license types in Canada as well as other goods and service offerings.

e) Weedbox Inc. In July, 2019, Canada House announced a partnership with Weedbox Inc. The agreement leverages Canada House cultivation expertise with Weedbox's extensive brand and retail experience and establishes its first cannabis retail location for both organizations under the Weedbox retail brand, Somewhere Variety®, in Edmonton, Alberta. Under the agreement, the companies will work together to launch signature brands of top-grade cannabis products into the recreational market and plan to develop flower, vapes, topical and sublingual products, pre-rolls, concentrates, and edibles (subject to applicable legislation and regulations) under four categories – Wellness, Skin Care & Beauty, Apparel & Home, and Accessories.

Going Concern Uncertainty

These consolidated financial statements are prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of the business.

The Company's ability to continue as a going concern is dependent upon, but not limited to, generating positive cash flows from operations, and its ability to raise financing necessary to discharge its liabilities as they become due. While the Company has obtained its license to cultivate medical marijuana under the ACMPR and believes there to be a high probability that it will obtain a license to sell marijuana under the ACMPR, it has not yet received it. During the fiscal year ending April 30, 2019, the Company incurred a net loss of $11,415 (April 30, 2018: $12,917) and as of April 30, 2019, the Company's accumulated deficit was $38,571 (April 30, 2018: $27,156). As at April 30, 2019, the Company has current assets of $5,461 (April 30, 2018: $10,311) and current liabilities of $3,270 (April 30, 2018: $3,641) resulting in a working capital surplus of $2,191 (April 30, 2018: $6,670).

These conditions have resulted in material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern in the foreseeable future. These consolidated financial statements do not give effect to adjustments that may be necessary, should the Company be unable to continue as a going concern. If the going concern assumption is not used then the adjustments required to report the Company's assets and liabilities at liquidation values could be material to these consolidated financial statements.

Selected Information Table

The following table summarizes certain financial data related to the Company and should be read in conjunction with the Company's audited financial statements for the years ended April 30, 2018 and 2017.

	As at and for the Year Ended April 30, 2019	**As at and for the Year Ended April 30, 2018**	**As at and for the Year Ended April 30, 2017**
	$	$	$
Revenue	4,875	3,289	6,207
Income (Loss)	(11,415)	(12,917)	(14,453)
Current assets	5,461	10,311	2,156
Non-current assets	10,846	4,739	3,239
Current liabilities	3,270	3,641	3,202

Fiscal Year Ending April 30, 2019			
Non-current liabilities	4,639	5,345	3,402
Working capital	2,191	6,670	(1,046)
Deferred income tax	12	519	182
Share capital	34,508	23,473	9,000
Shareholders' equity	8,398	6,064	(1,209)
Loss per share - basic and diluted	(0.06)	(0.09)	(0.25)

Quarterly Results

Fiscal Quarter	**Revenues** (Unaudited)	**Net income (loss)** (Unaudited)	**Net earnings (loss) per share basic and diluted** (Unaudited)
Year ended April 30, 2019			
Quarter ended April 30, 2019	$ 1,228	$ (3,117)	$ (0.02)
Quarter ended January 31, 2019	$ 1,176	$ (3,263)	$ (0.01)
Quarter ended October 31, 2018	1,240	(3,007)	(0.02)
Quarter ended July 31, 2018	1,231	(2,028)	(0.01)
Year ended April 30, 2018			
Quarter ended April 30, 2018	868	(5,291)	(0.03)
Quarter ended January 31, 2018	790	(4,785)	(0.04)
Quarter ended October 31, 2017	804	(1,261)	(0.01)
Quarter ended July 31, 2017	827	(1,580)	(0.01)
Year ended April 30, 2017			
Quarter ended April 30, 2017	1,211	6,715	0.06
Quarter ended January 31, 2017	1,714	(21,383)	(0.18)
Quarter ended October 31, 2016	1,788	118	1205.17
Quarter ended July 31, 2016	1,494	97	993.07
Year ended April 30, 2016			
Quarter ended April 30, 2016	1,573	215	2,196.15

Fiscal Year Ending April 30, 2019

RESULTS OF OPERATIONS

Revenues

Canada House had revenue of $4,875 for the year ended April 30, 2019, an increase of $1,586 or 48% compared to revenue of $3,289 for the year ended April 30, 2018. Of total revenue, $4,651 was from CHC clinic operations, $188 from Knalysis SaaS revenue of its CPM 2.0 software and $36 was from Abba related to seed sales. During the fourth quarter ending April 30, 2019, revenue increased by $360 or 41% from $869 during the quarter ending April 30, 2018 to $1,229. The increase for the quarter and year ending April 30, 2018 to April 30, 2019 is primarily due to an increase in the service and education fees from CHC clinics. CHC earns a 15% to 25% Service and Education fee from its Licensed Producer agreement, except for one Licensed Producer who pays a flat fee for veteran and civilian clients. (this LP went from flat fee to 20% in March 2019). In 2019 the fee for one LP partner increased from 15 to 20% and four new LP partners were added. The number of active clients increased by 19% year over year. Until January 31, 2019, a $99 registration fee was collected from new civilian clients and there was a fee of up to $65 and for those making use of our telemedicine facilities. Beginning February 1, 2019, this registration fee for civilian clients is no longer collected. In some clinics, CHC also offers patients an opportunity to process their medicine into other forms (eg. resins) for a fee of up to $20.

Expenses

Total expenses for the year ended April 30, 2019 were $16,290 compared to $16,206 for the year ended April 30, 2018 for an increase of $84 or <1%. Included in total expenses for the year ending April 30, 2019 were non-cash operating expenses of $6,734, including amortization expense of $2,547, $1,927 of stock based compensation, $1,055 of interest accretion expenses, $736 of other non-cash expenses, $363 of fair value adjustments on biological assets and $106 related to a loss on disposal of assets. For the year ending April 2018, total expenses of $16,206 included non-cash expenses of $8,525 including a $3,920 impairment loss, a $2,805 stock based compensation expense, $1,267 of interest accretion expenses, amortization expense of $574, $246 of expenses settled by issuance of convertible debentures and $100 of other non-cash expenses and a ($387) provision for an income tax recovery. Total expenses excluding these non-cash items was $9,556 and $7,681 for the years ending April 30, 2019 and 2018 respectively.

Total expenses for the fourth quarters ending April 30, 2019 and 2018 were $4,343 and $6,160 respectively, for a decrease in expenses of $1,817 or 29%. Expenses for the fourth quarter ending April 30, 2019 included non-cash expenses totaling $1,699 comprised of amortization expense of $807, non-cash operating expenses of $721, a fair value adjustment for biological assets of $363, a loss on disposal of $106, a reversal of ($210) of stock-based compensation expense and a reversal of ($88) of interest accretion expenses. Expenses for the fourth quarter ending April 30, 2018 included non-cash expenses of $3,696, comprised of an impairment loss of $3,920 on intangible assets and goodwill related to the Knalysis acquisition, $406 of interest accretion expenses, amortization expense of $365, $246 of expenses settled by issuance of convertible debentures and common shares, reversals of non-cash expenses of ($85) and ($769) of stock-based compensation expense and a ($387) provision for income tax recovery. Total expenses excluding these non-cash items was $2,644 and $2,464 for the years ending April 30, 2019 and 2018 respectively.

General and administration costs increased by $1,650 or 24% from $6,938 for the year ending April 30, 2018 to $8,588 for the year ending April 30, 2019 due to a $1,397 or 32% increase in salaries, wages and consulting fees from $4,309 to $5,706, a $235 or 43% increase in professional fees from $552 to $787, a $175 or 16% increase in general operating fees and $157 or 16% decrease in occupancy costs from $967 to $810. Compared to the fourth quarter ended April 30, 2018, during the fourth quarter of 2019, salaries, wages and consulting fees decreased by $342 or 22% from $1,549 to $1,207, professional fees increased by $677, occupancy costs increased by $81 or 56% from $146 to $227 and general operating expenses decreased by $247 or 40% from $624 to $377. The increase in salaries and wages during the year reflects the growth of the Company, requiring the addition of several employees, including the Chief Financial Officer, Chief Executive Officer, VP Legal and President of CHC. Professional fees increased primarily due to an increase in strategic advisory and business development services.

Sales and marketing costs increased by $6 or 1% from $571 for the year ending April 30, 2018, to $577 for the year ending April 30, 2019 due to a $49 or 18% decrease in advertising and promotion from $267 to $218 and an 18% increase in travel expenses from $304 to $359. Compared to the fourth quarter ending April 30, 2018, during the fourth quarter of 2019, advertising and promotion increased by $750 and travel decreased by $7.

Compared to the quarter ending April 30, 2018, during the year ended April 30, 2019, share based compensation decreased by $878 primarily due to forfeitures arising from restructuring of the Board of Directors and the termination and resignation of certain members of senior management.

During the year ended April 30, 2019, the Company incurred NIL impairment losses, a decrease of $3,901 compared to April 2018. The losses for the year ended April 30, 2018 were from impairments of goodwill and intangible assets on the Knalysis acquisition. There was no impact of impairment losses on goodwill and intangible asset during the fourth quarters of 2019 and 2018.

Depreciation and amortization increased by $1,288 for the year ending April 30, 2 019 compared to the year ending April 30, 2018 as the full-year effect of $2,322 of additions in the year ending April 30, 2018 and an additional $4,115 of additions in the year ending April 30, 2019 were amortized.

CHANGE IN FINANCIAL POSITION

The following table summarizes certain financial data related to the Company and should be read in conjunction with the Company's Financial Statements for the fiscal years ended April 30, 2018 and 2017. Consolidated cash flows for the nine months ending January 31 were as follows:

	2019	**2018**
Cash flow generated by (used in) operating activities	(6,081)	(4,251)
Cash flow generated by (used in) investing activities	(5,152)	(2,398)
Cash flow generated by (used in) financing activities	5,707	14,873
Net change in cash	(5,526)	8,224

Operating Activities

For the year ended April 30, 2019 and 2018, cash flows used in operating activities were $6,081 and $4,251 respectively, or $1,830 higher compared to the same period in 2018. Loss before impairment losses, depreciation and amortization, finance and transaction costs, loss on disposal of assets, stock-based compensation, expenses settled by issuance of convertible debentures, other non-cash expenses and fair value adjustments for the fiscal year ended April 30, 2019 was $4,681 (year ending April 30, 2018: $4,392). The increase in the amount of cash used is primarily related to an increase in the use of cash from operations.

For the fourth quarters ended April 30, 2019 and 2018, cash flows used in operating activities were $2,434 and $1,361 respectively, or $1,073 higher compared to the same period in 2018. Loss before impairment losses, depreciation and amortization, finance and transaction costs, loss on disposal of assets, stock-based compensation, expenses settled by issuance of convertible debentures, other non-cash expenses and fair value adjustments for the fourth quarter ended April 30, 2019 was $1,415 (fourth quarter ending April 30, 2018: $1,595). The decrease in the amount of cash used is primarily related to the decrease in the use of cash from operations.

Investing Activities

Cash flows used in investing activities in 2019 are primarily related to work to complete the Company's production facility. For the year ended April 30, 2019, investing activities were a use of cash of $5,152 compared to a use of cash of $2,398 for the same period in 2018. For the fourth quarters ending April 30, 2019 and 2018, investing activities were $473 and $952 respectively.

Financing Activities

For the year ended April 30, 2019 and 2018, cash flows provided by financing activities were $5,707 and $14,873 respectively. During 2019, $5,438 were raised through private placements consisting of shares and warrants, (year ended April 30, 2018: $8,345), $306 through the increase in long-term debt (year ended April 30, 2018: NIL) and ($37) was repaid to related parties (April 30, 2018: $16 was provided by related parties).

For the fourth quarters ended April 30, 2019 and 2018, cash flows provided by financing activities were $3,696 and $406 respectively. During the fourth quarter ended April 30, 2019, $3,300 was raised through private placements consisting of shares and warrants, (year ended April 30, 2018: NIL) and $306 through the increase in long-term debt (year ended April 30, 2018: NIL).

Consolidated Statement of Financial Position

Total current assets of $5,461 as at April 30, 2019 compares to $10,311 as at April 30, 2018. The most significant components of the Company's current assets as at April 30, 2018 were cash, accounts receivable and sales tax receivable, with trade receivables and sales tax receivables increasing by approximately $253 during current fiscal year and cash declining due to continued investment in its production facility and operations during the period.

The Company's current liabilities as at April 30, 2019 were $3,270 compared to $3,641 as at April 30, 2018. The most significant components of the balance at April 30, 2018 are Trade and other payables of $3,175 (April 30, 2018: $3,508).

As at April 30, 2019, there was a working capital surplus of $2,191 (April 30, 2018: $6,670).

Issued and Outstanding Shareholders' Equity

Share Capital

The Company's shares are traded on the CSE under the symbol "CHV".

As of April 30, 2019 the Company has 253,157,570 issued and outstanding common shares.

During the year ended April 30, 2019, the Company issued 31,113,864 common shares pursuant to conversion of December Convertible Debentures and August Convertible Debentures.

During the year ended April 30, 2019, the Company issued 2,795,425 common shares pursuant to exercise of warrants. Total cash proceeds were $688. In addition, $212 was transferred from contributed surplus to common shares.

In December 2018, the Company issued 4,672,897 common shares and 2,336,449 common share purchase warrants for total cash proceeds of $1,000. There were no transaction costs. Each common share purchase warrant is exercisable to acquire one common share at an exercise price of $0.428 per common share for a period of two years from the date of issuance. Total proceeds of $1,000 was allocated to common shares and common share purchase warrants on a fair value proportionate basis. The fair value of common shares on date of issuance was $0.29 per share. The fair value of common share purchase warrants was determined to be $0.15 per warrant using Black-Scholes option pricing model with a market price per common share of $0.29, a risk-free interest rate of 2.19%, an expected annualized volatility of 116% and expected dividend yield of 0%.

In December 2018, the Company issued 4,761,905 common shares and 2,380,953 common share purchase warrants for total cash proceeds of $500. There were no transaction costs. Each common share purchase warrant is exercisable to acquire one common share at an exercise price of $0.30 per common share for a period of two years from the date of issuance. Total proceeds of $500 was allocated to common shares and common share purchase warrants on a fair value proportionate basis. The fair value of common shares on date of issuance was $0.14 per share. The fair value of common share purchase warrants was determined to be $0.055 per warrant using Black-Scholes option pricing model with a market price per common share of $0.14, a risk-free interest rate of 1.91%, an expected annualized volatility of 108% and expected dividend yield of 0%.

In March 2019, the Company issued 27,500,000 Units for total cash proceeds of $3,300. Each Unit is comprised of: (i) one common share; and (ii) and one detachable common share purchase warrant. Each warrant is exercisable into one common share at an exercise price of $0.30 for a period of 12 months; at an exercise price of $0.40 from 12 months to 24 months; at an exercise price of $0.60 from 24 months to 36 months; and at an exercise price of $0.80 from 36 months to 48 months following the closing date. Total transaction costs were $30 in cash and issuance of 182,500 broker warrants with a total fair value of $7 on the same terms as above. Total proceeds, net of transaction costs of $3,232 were allocated to common shares and common share purchase warrants on a fair value proportionate basis. The fair value of common shares on date of issuance was $0.15 per share. The fair value of common share purchase warrants was determined to be $0.036 per warrant using Black-Scholes option pricing model with a market price per

common share of $0.15, a risk-free interest rate of 1.59% - 1.67%, an expected annualized volatility of 77% - 108% and expected dividend yield of 0%.

A consultant provided professional services to the Company from February 15, 2019 to April 15, 2019 in exchange for 1,000,000 common shares of the Company. The fair value of the common shares issuable was $160. The shares were not issued as of April 30, 2019 resulting in recognition of contributed surplus of $160.

During the year ended April 30, 2018, the Company:

Issued 20,801,210 common shares of the Company for gross proceeds of $5,683 pursuant to the exercise of warrants.

Issued 2,052,400 common shares of the Company for gross proceeds of $512 pursuant to the exercise of stock options.

Issued 369,274 common shares of the Company to a consultant in exchange for services rendered of $125. Both the shares received and shares issued had a value of $125.

Issued 5,000,000 common shares of the Company to acquire all of the issued and outstanding shares of Knalysis.

Issued 15,756,329 common shares of the Company pursuant to the conversion of convertible debentures with aggregate principal of $3,570.

Issued 426,100 common shares of the Company as payment of interest charges on the convertible debt issued on August 11, 2018. The terms of the debenture allow the interest to be paid in cash or common shares of the Company, at the option of the holders, at $0.15.

Issued 580,000 common shares of the Company with a fair value of $81 to settle aggregate debt of $185. The Company recognized a gain on settlement of $104.

Share Based Compensation

The Company has established a stock option plan [the "Option Plan"] for directors, officers, employees and consultants of the Company. The Company's Board of Directors determines, among other things, the eligibility of individuals to participate in the Option Plan and the term, vesting periods, and the exercise price of options granted to individuals under the Option Plan.

Each share option converts into one common share of the Company on exercise. No amounts are paid or payable by the individual on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The Company's Option Plan provides that the number of common shares reserved for issuance may not exceed 10% of the common shares that are outstanding unless the Board shall have increased such limit by a Board resolution. In addition, the aggregate number of shares so reserved for issuance to one person may not exceed 5% of the issued and outstanding shares. If any options terminate, expire, or are cancelled as contemplated by the Option Plan, the number of options so terminated, expired or cancelled shall again be available under the Option Plan.

The changes in the number of stock options during the years were as follows:

	Number of options #	**Weighted average exercise price** $
Balance as at April 30, 2017	7,576,767	0.25
Granted	3,725,000	0.47
Exercised	(2,052,400)	0.25
Balance as at April 30, 2018	9,249,367	0.34
Granted	18,550,000	0.19
Forfeited /Expired	(7,599,367)	0.36
Balance as at April 30, 2019	**20,200,000**	**0.20**

Measurement of fair values

The fair value of the share options on the date of grant was $0.10 - $0.16 per option for the options granted during 2019. The fair value of share options granted during the years ended April 30, 2019 and 2018 was estimated at the date of grant using the Black-Scholes option pricing model using the following inputs:

	2019	**2018**
Grant date share price	**$0.16–$0.30**	$0.47
Exercise price	**$0.16–$0.30**	$0.47
Expected dividend yield	**—%**	—%
Risk free interest rate	**1.57%-2.38%**	1.77%
Expected option life	**3 – 5 years**	4 years
Expected volatility	**97.6% - 108.11%**	337.5%

Expected volatility was estimated by using the historical volatility of other companies that the Company considers comparable that have trading and volatility history. The expected option life represents the period of time that options granted are expected to be outstanding. The risk-free interest rate is based on government bonds with a remaining term equal to the expected life of the options.

The following table is a summary of the Company's share options outstanding as at April 30, 2019:

Exercising price range	Number outstanding	Weighted average remaining contractual life [years]	Weighted average exercise price	Number exercisable
$	#	#	#	#
0.155	1,000,000	4.96	0.155	-
0.160	1,100,000	4.98	0.160	100,000
0.170	4,300,000	4.56	0.170	358,333
0.190	4,000,000	4.37	0.190	2,750,000
0.200	5,525,000	4.21	0.200	5,325,000
0.250	2,900,000	2.87	0.250	1,700,000
0.295	1,375,000	4.36	0.295	1,375,000
0.199	**20,200,000**	**4.21**	**0.214**	**11,608,333**

The following table is a summary of the Company's share options outstanding as at April 30, 2018:

Exercising price range	Number outstanding	Weighted average remaining contractual life [years]	Weighted average exercise price	Number exercisable
$	#	#	#	#
0.190	600,000	3.53	0.190	1,267,000
0.250	4,507,700	3.36	0.250	928,925
0.256	350,000	3.53	0.256	200,000
0.470	3,725,000	3.65	0.470	45,833
0.690	66,667	0.85	0.690	45,833
0.338	**9,249,367**	**3.47**	**0.232**	**2,487,591**

The Company recognized $1,927 of share-based compensation expense during the year ended April 30, 2019 [2018 – $2,805], with a corresponding amount recognized as a contributed surplus.

Related Party Transactions and Balances

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling activities of the entity, directly or indirectly including the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Chief Technology Officer and equivalent and Directors.

Compensation expense for the Company's key management personnel for the years ended April 30, 2019 and 2018 is as follows:

	2019	2018
	$	$
Salaries and wages	**1,220**	602
Share-based compensation	**1,927**	2,805
Total	**3,147**	3,407

Contingencies

[a] A statement of claim was filed by a terminated employee claiming compensation for general, aggravated and punitive damages related to his dismissal. At the time of his dismissal, Canada House provided the Plaintiff with pay in lieu of notice. The Plaintiff has claimed under the principles of breach of contract and good faith for general, aggravated, and punitive damages. The Plaintiff's claim does not specify an amount. On June 15, 2017 Canada House filed a Notice of Intent to Defend and on June 25, 2017 it filed its Statement of Defense. This matter is now in the document discovery phase and the parties are engaged in settlement discussions. The Company believes the claim to be without merit.

[b] Canada House and its subsidiary, Abba Medix Corp. were served with a Statement of Claim for damages for the alleged failure to pay invoices in the amount of $200 plus pre and post judgment interest. Pleadings have now closed, and the parties are in the process of scheduling examinations for discovery. Given that examinations for discovery have not yet occurred it is too early in the process to have a reasonable expectation or evaluation of the Plaintiff's claim, but the Company believes the claim to be without merit.

[c] A statement of claim was filed by a former landlord of an CHC clinic claiming compensation for costs of leasehold improvements in the amount of $107, breach of a commercial lease in an amount to be established at trial, and punitive damages, plus interest on all unpaid amounts. The Company is in the process of engaging external counsel to file a Statement of Defence to the Claim and engage in settlement discussions.

[d] The Company has claimed lost profits against a license medical cannabis producer and related medical cannabis clinic and their principals for breach of confidence, conversion, breach of contract, conspiracy and breach of trust, breach of fiduciary duty, and negligent misrepresentation in relation to Trauma Healing Centers Inc. The Defendants have counterclaimed, pleadings have now closed, and the parties are in the process of scheduling examinations for discovery. The Company believes that the counterclaim has no basis and it is not probable that it will result in an outflow for Company.

Commitments

As at April 30, 2019, the Company is committed under leases for equipment and office space for the following minimum annual rentals:

	$
2020	668,605
2021	573,180
2022	446,945
2023	341,074
Thereafter	1,713,095
	3,742,899

Capital management

Canada House is an early-stage company and is dependent on raising further capital, primarily equity, to fund its capital expenditures and its operating expenses in excess of revenue until such time as it reaches cash break-even. As at April 30, 2019, the Company had raised, net of issuance costs, approximately $27 million by the issuance of common shares, warrants, convertible debentures and long-term debt. The Company may raise additional equity in the future, although there can be no assurance that the Company will be successful in doing so.

Off Balance Sheet Arrangements

To the best of management's knowledge, there are no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company.

Statement of Compliance

The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") and their interpretations issued by the IFRS Interpretations Committee ("**IFRIC**") and were approved by the Company's Board of Directors on August 22, 2019.

Basis of Presentation

The Financial Statements, presented in Canadian Dollars, have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value.

Basis of Consolidation

These consolidated financial statements of the Company for the April 30, 2019, comprise the results of the Company and its wholly-owned subsidiaries Abba Medix Corp. ["Abba"], 672800 NB Inc. doing business as Marijuana for Trauma ["MFT"], The Longevity Project Corp ["TLP"] and 690050 NB Inc. doing business as Knalysis Technologies ["Knalysis"] and 2104071 Alberta Inc. ("2104071"). In September 2018, 672800 NB Inc. began operating as Canada House Clinics [CHC]. MFT and CHC may be used interchangeably throughout these financial statements.

New standards, amendments and interpretations

The following new accounting standards applied or adopted during the year ended April 30, 2019 had no material impact on the consolidated financial statements:

[i] IFRS 9 – Financial Instruments ["IFRS 9"]

IFRS 9, which replaces IAS 39, Financial Instruments: Recognition and Measurement, establishes principles for the financial reporting of financial assets and financial liabilities that present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IFRS 9 includes revised guidance on the classification and measurement of financial instruments and new guidance for measuring impairment on financial assets. The Company followed the modified retrospective approach.

Classification and measurement

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows including whether they represent solely payments of principal and interest (SPPI criterion). IFRS 9 contains three primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVTOCI) and fair value through profit and loss (FVTPL).

Financial asset	**Classification under IFRS 9**	**Classification under IAS 39**
Cash	Amortized cost	Loans and receivables
Trade and other receivables	Amortized cost	Loans and receivables
Loan receivable	Amortized cost	Loans and receivables

There was no change to the classification of financial liabilities.

Impairment of financial assets

Under IFRS 9, impairment losses for financial assets are calculated with a forward-looking expected credit loss (ECL) approach. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows expected to be received. The shortfall is then discounted at an approximation to the asset's original effective interest rate. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Company adopted the simplified approach to impairment for trade and other receivables by recognizing lifetime expected losses through both the analysis of historical defaults and an assessment of counterparty credit risk in revenue contracts on initial recognition and on adoption of IFRS 9. The adoption of the ECL impairment model did not have a material impact on the Company's consolidated financial statements as there have been no customer defaults historically and the counterparty credit risk expectation for the outstanding contracts at April 30, 2019 was not significant.

The adoption of IFRS 9 did not have a material impact on the Company's consolidation financial statements.

[i] IFRS 15 - Revenue from Contracts with Customers ["IFRS 15"]

IFRS 15 supersedes previous accounting standards for revenue, including IAS 11, Construction Contracts, and IAS 18, Revenue, and all existing IFRS revenue interpretations. IFRS 15 introduced a single model for recognizing revenue from contracts with customers. This standard applies to all contracts with customers

(with limited exceptions), regardless of the type of revenue transaction or the industry. The standard requires revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the consideration expected to be received in exchange for transferring those goods or services. This is achieved by applying the following five steps:

1) Identify the contract with a customer;
2) Identify the performance obligations in the contract;
3) Determine the transaction price;
4) Allocate the transaction price to the performance obligations in the contract; and
5) Recognize revenue when (or as) the entity satisfies a performance obligation.

The standard's requirements also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., sales of property and equipment or intangible assets).

Effective May 1, 2018, the Company adopted IFRS 15 using the modified retrospective method. Adoption of IFRS 15 has not materially impact the timing and amount of revenue recognised from the Company's contracts with customers.

The adoption of IFRS 15 did not have a material impact on the Company's consolidated financial statements.

[a] New standards, amendments and interpretations not yet adopted by the Company

The Company has not applied the following new and revised IFRS that have been issued but are not yet effective:

i] IFRS 16 - Leases ["IFRS 16"]

In January 2016, the IASB issued IFRS 16, which specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019, and a lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. Early adoption is permitted if IFRS 15 has also been adopted. Effective May 1, 2019, the Company will be

adopting IFRS 16 using the modified retrospective method and, based on the work performed to date expects that there will be an increase to assets of $685 and a corresponding increase in liabilities of $685 to record a right-of-use asset and a corresponding lease liability on its consolidated statements of financial position. Post adoption, we expect a decrease to operating costs and an increase to finance costs associated with the interest accretion on the lease liability and depreciation expense related to the right-of-use asset.

[ii] IFRIC 23 – Uncertainty over Income Tax Treatment ["IFRIC 23"]

In June 2017, the IASB issued IFRIC 23, which clarifies the accounting for uncertainties in income taxes. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019. The requirements are applied by recognizing the cumulative effect of initially applying them in retained earnings, or in other appropriate components of equity, at the start of the reporting period in which the Company first applies them, without adjusting comparative information. Full retrospective application is permitted, if the Company can do so without using hindsight. The adoption of IFRIC 23 is not expected to have material impact on the financial statements of the Company.

Financial instruments and risk management

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from deposits with banks and outstanding receivables. The Company trades only with recognized, creditworthy third parties. The Company performs credit checks for all customers who wish to trade on credit terms. As at April 30, 2019 and 2018, two customers represented 81% and 83% of the outstanding trade receivable balance, respectively.

The Company does not hold any collateral as security but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance.

The aging of trade receivables is as follows:

	2019	**2018**
	$	$
Not past due	**571**	334
1 to 30 days past due	**166**	147
31 to 60 days past due	**—**	—
Over 61 days past due	**39**	15
	776	496

There was no impairment for credit loss recognized during the years ended April 30, 2019 and 2018.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's exposure to liquidity risk is dependent on the Company's ability to raise additional financing to meet its commitments and sustain operations. The Company mitigates liquidity risk by management of working capital, cash flows and the issuance of share capital.

The Company is obligated to the following contractual maturities of undiscounted cash flows:

Fiscal Year Ending April 30, 2019

			Contractual cash flows			
	Carrying amount	Total contractual cash flows	Year 1	Year 2	Year 3	Year 4 and beyond
	$	$	$	$	$	$
Trade and other payables	3,175	3,175	3,175	—	—	—
Due to related parties	88	88	88	—	—	—
Borrowings	336	348	14	327	7	—
Convertible debentures	386	1,430	100	100	1,230	—
Contingent consideration	3,912	—	—	—	—	—
	7,897	**5,041**	**3,377**	**427**	**1,237**	**—**

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Currency risk

Currency risk is the risk to the Company's earnings that arises from fluctuations of foreign exchange rates. The Company is not exposed to foreign currency exchange risk as it has minimal financial instruments denominated in a foreign currency and substantially all of the Company's transactions are in Canadian dollars, which is also the Company's functional currency.

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. The Company is not exposed to interest rate risk as at April 30, 2019 as the Company does not have any variable interest rate assets or liabilities.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices [other than those arising from interest rate risk or currency risk], whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to other price risks as at April 30, 2019.

Fair values

The carrying values of cash, trade and other receivables, loan receivable, trade and other payables, borrowings and convertible debentures approximate the fair values due to the short-term nature of these items or the interest rates and discount rates being at market. The risk of material change in fair value is not considered to be significant due to a relatively short-term nature. The Company does not use derivative financial instruments to manage this risk.

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The Company categorizes its fair value measurements according to a three-level hierarchy.

The hierarchy prioritizes the inputs used by the Company's valuation techniques. A level is assigned to each fair value measurement based on the lowest-level input significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are defined as follows:

- Level 1 – Unadjusted quoted prices as at the measurement date for identical assets or liabilities in active markets.
- Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 – Significant unobservable inputs that are supported by little or no market activity. The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

During the year, there were no transfers of amounts between levels.

Risk Factors

The following section on Risk Factors should be read in conjunction with the Company's annual Management's Discussion and Analysis for the year ended April 30, 2018.

a) Risk Factors Related to the Transaction

Acquisitions Generally

While the Company conducted substantial due diligence in connection with the Transactions, there are risks inherent in any acquisition. Specifically, there could be unknown or undisclosed risks or liabilities of MFT or TLP for which the Company is not sufficiently indemnified pursuant to the provisions of the Acquisition Agreement. Any such unknown or undisclosed risks or liabilities could materially and adversely affect the Company's financial performance and results of operations. The Company could encounter additional transaction and integration related costs or other factors such as the failure to realize all of the benefits anticipated in the Transaction. All of these factors could cause a delay the anticipated accretive effect of the Transaction and cause a decrease in the market price of the common shares.

Failure to Realize Benefits of Acquisitions

The Company may not realize the anticipated benefits of the Transaction, or may not realize them in the time frame expected. The Company cannot provide assurance that it will be able to grow or even sustain the cash flow generated by the Transaction. Difficulties encountered as a result of the Transaction may prove problematic to overcome such as, without limitation, the inability to integrate or retain key personnel, the inability to retain business relationships with current customers, and

difficulties with adoption or implementation of new business plans, standards, controls, processes and systems within MFT and/or TLP.

Dilution

Following completion of the Transaction, the Company may issue equity securities to finance its activities, including future acquisitions. If the Company was to issue common shares, existing holders of such common shares may experience dilution in their holdings. Moreover, when the Company's intention to issue additional equity securities becomes publicly known, the Company's share price, as the case may be adversely affected.

b) Risks Related to the Operations of Abba Medix Corp. and to the Medical Cannabis Industry

Cannabis Activities in the United States

Marijuana is illegal under US federal law and enforcement of relevant laws is a significant risk. The Company operates in the medical marijuana sectors in Canada and the United States only in jurisdictions where such activity is permitted and regulated by applicable laws, but there is a risk that third party service providers could suspend or withdraw services and regulators could impose certain restrictions on the issuer's ability to operate in the U.S.

Given the illegality of marijuana under U.S. federal law, it may be more difficult to access private and public capital markets. There is, however, active and robust investor interest in the marijuana sector in Canada and elsewhere where companies limit their activities to U.S. State jurisdictions which have legalize marijuana and developed a licensing and compliance regime. The Company will not operate in U.S. State jurisdictions to such jurisdictions.

Cannabis Not an Approved Drug or Medicine

Dried cannabis is not an approved drug or medicine in Canada. The Government of Canada does not endorse the use of cannabis, but the courts have required reasonable access to a legal source of cannabis when authorized by a healthcare practitioner.

Abba Medix Corp. does not yet have a License to Sell

The Group, through its wholly owned subsidiary Abba Medix Corp., has received Health Canada's License to Cultivate under the ACMPR that would enable Abba Medix Corp. to commence the cultivation of medical cannabis. Abba Medix Corp. expects to eventually receive a License to Sell, which will allow it to sell medical cannabis to patients across Canada. There can be no assurance that Abba Medix Corp. will obtain such a License to Sell.

Abba Medix Corp.'s success to date includes:

- Abba Medix Corp. has received its license to cultivate medical cannabis, and
- Abba Medix Corp. has accomplished substantial work towards the build out of its proposed cannabis grow Facility.

Even if Abba Medix Corp. is successful in obtaining a License to Sell, such License will subject Abba Medix Corp. to ongoing compliance and reporting requirements. Failure to comply with the requirements of the License or any failure to maintain the License could have a material adverse impact on the business, financial condition and operating results of the Group. Furthermore, the License will have an expiry date of approximately one year from the date it is granted. Upon expiration of the License, Abba Medix Corp. would be required to submit an application for renewal to Health Canada containing information prescribed under the ACMPR and renewal cannot be assured.

Licensing Requirements under the new Cannabis Act (Canada) (the "Cannabis Act") and its supporting Regulations that came into force on October 17, 2018.

The market for cannabis (including medical cannabis) in Canada is now regulated by the new Cannabis Act. Applicants and Licensed Producers are required to demonstrate compliance with regulatory requirements, such as quality control standards, record-keeping of all activities as well as inventories of cannabis, and physical security measures to protect against potential diversion. Licensed Producers are also required to employ qualified quality assurance personnel who ultimately approve the quality of the product prior to making it available for sale. This approval process includes testing (and validation of testing) for microbial and chemical contaminants to ensure that they are within established tolerance limits for herbal medicines for human consumption as required under the Food and Drugs Act, and determining the percentage by weight of the two active ingredients of marijuana, delta-9-Tetrahydrocannabinol and cannabidiol.

Factors related to the Facility which may Prevent Realization of Business Objectives

Any adverse changes or developments affecting construction of the Facility and commencement of production could have a material and adverse effect on the Company's business, financial condition and prospects. There is a risk that these changes or developments could cause the Facility to not be completed on time, on budget, or at all, as it can be adversely affected by a variety of factors, including some that are discussed elsewhere in these risk factors and the following:

(a) delays in obtaining, or conditions imposed by, regulatory approvals;
(b) plant design errors;
(c) environmental pollution;
(d) non-performance by third party contractors;
(e) increases in materials or labour costs;
(f) construction performance falling below expected levels of output or efficiency;
(g) breakdown, aging or failure of equipment or processes;
(h) contractor or operator errors;
(i) labour disputes, disruptions or declines in productivity;
(j) inability to attract sufficient numbers of qualified workers;
(k) disruption in the supply of energy and utilities; or
(l) major incidents and/or catastrophic events such as fires, explosions, earthquakes or storms.

It is also possible that the final costs of constructing the Facility and commencing production may be significantly greater than anticipated by the Company's management, and may be greater than funds available to the Company, in which circumstance the Company may curtail, or extend the timeframes for completing its business plans. This could have an adverse effect on the financial results of the Company.

c) Regulatory Risks

The Group operates in a new industry which is highly regulated and is in a market which is very competitive and evolving rapidly. Sometimes new risks emerge and management may not be able to predict all of them, or be able to predict how they may cause actual results to be different from those contained in any forward-looking statements. The Group's ability to grow, store and sell medical cannabis in Canada is dependent on the License to Sell from Health Canada and the need to maintain the License in good standing. 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 Group.

The Group will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions of our operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Group's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

The industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond the Group's control and which cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies which may be imposed. Changes in government levies, including taxes, could reduce the Group's earnings and could make future capital investments or the Group's operations uneconomic. The industry is also subject to numerous legal challenges, which may significantly affect the financial condition of market participants and which cannot be reliably predicted.

The Group's business as a prospective Licensed Producer represents a new industry and new market resulting from its regulated regime. In addition to being subject to general business risks and to risks inherent in the nature of an early stage business, a business involving an agricultural product and a regulated consumer product, the Group will need to continue to build brand awareness in the industry and market through significant investments in its strategy, its production capacity, quality assurance, and compliance with regulations. These activities may not promote the Group's brand and products as effectively as intended. This new market and industry into which management is entering will have competitive conditions, consumer tastes, patient requirements and unique circumstances, and spending patterns that differ from existing markets.

Change in Laws, Regulations, and Guidelines.

The Group's proposed operations are subject to a variety of laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of medical cannabis but also including laws and regulations relating to health and safety, privacy, the conduct of operations and the protection of the environment. While to the knowledge of the Group's management, the Group is currently in compliance with all such laws, changes to such laws, regulations and guidelines due to matters beyond the control of the Group may cause adverse effects to the Group's operations and the financial condition of the Group.

The risks to the business of the Group represented by regulatory issues are that they might lead to court rulings or legislative changes that allow those with existing licenses to possess and/or grow medical

cannabis, perhaps allow others to opt out of the regulated supply system implemented through the ACMPR by growing their own medical cannabis, or potentially even legitimize illegal areas surrounding cannabis dispensaries. This could significantly reduce the addressable market for the Group's proposed products and could materially and adversely affect the business, financial condition and results of operations for the Group.

While the impact of any of such changes are uncertain and are highly dependent on which specific laws, regulations or guidelines are changed and on the outcome of any such court actions, it is not expected that any such changes would have an effect on the Group's proposed operations that is materially different than the effect on similar sized companies in the same business as the Group.

In addition, the industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond the Group's control and which cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies which may be imposed. Changes in government levies, including taxes, could reduce the Group's earnings and could make future capital investments or the Group's proposed operations uneconomic. The sudden start of legalization may result in dis-equilibriums between supply and demand causing rapid and sudden changes in prices and massive supply chain disruption. The impact of this potential development may be negative for the Company and could result in increased levels of competition in its existing medical market and/or the entry of new competitors in the overall cannabis market in which the Company operates.

Volatile Stock Price

The stock price of the Company is expected to be highly volatile and will be drastically affected by governmental and regulatory regimes and community support for the medical cannabis industry. The Company cannot predict the results of its operations expected to take place in the future. The results of these activities will inevitably affect the Company's decisions related to future operations and will likely trigger major changes in the trading price of the Company's common shares.

Limited Operating History

While Abba Medix Corp. was incorporated and began carrying on business in 2013, it is yet to generate any revenue. The Group is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Group 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.

History of Losses

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

Risks Inherent in an Agricultural Business

The Group's business may, in the future, involve the growing of medical cannabis, an agricultural product. Such business will be subject to the risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks. Although all such growing is expected to be completed indoors under climate controlled conditions, there can be no assurance that natural elements will not have a material adverse effect on any such future production.

Energy Costs

The Group's medical cannabis growing operations will consume considerable energy, which will make it vulnerable to rising energy costs. Accordingly, rising or volatile energy costs may, in the future, adversely impact the business of the Group and its ability to operate profitably.

Reliance on Management

Another risk associated with the production and sale of medical cannabis is the loss of important staff members. The Group is currently in good standing with all high level employees and believes that with well managed practices will remain in good standing. The success of the Group will be dependent upon the ability, expertise, judgment, discretion and good faith of its senior management and key personnel. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Group's business, operating results or financial condition.

Insurance and Uninsured Risks

The Group's business is subject to a number of risks and hazards generally, including adverse environmental conditions, accidents, labor disputes and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, environmental damage, delays in operations, monetary losses and possible legal liability.

Although the Group maintains and intends to continue to maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations, including product liability claims. The Group 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. Moreover, insurance against risks such as environmental pollution or other hazards encountered in the operations of the Group is not generally available on acceptable terms. The Group might also become subject to liability for pollution or other hazards which may not be insured against or which the Group may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Group to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Reliance on a Single Facility

To date, the Group's proposed activities and resources have been primarily focused and will continue to be focused on the Facility for the foreseeable future. Adverse changes or developments affecting the Facility could have a material and adverse effect on the Group's business, financial condition and prospects.

Difficulty to Forecast

The Group's must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the medical cannabis industry in Canada. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Group.

Management of Growth

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

Internal Controls

Effective internal controls are necessary for the Group to provide reliable financial reports and to help prevent fraud. Although the Group will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Group under Canadian securities law, the Group cannot be certain that such measures will ensure that the Group will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Group's results of operations or cause it to fail to meet its reporting obligations. If the Group or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Group's consolidated financial statements and materially adversely affect the trading price of the Group shares.

Litigation

The Group 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 Group becomes involved be determined against the Group such a decision could adversely affect the Group's ability to continue operating and the market price the Group shares and could use significant resources. Even if the Group is involved in litigation and wins, litigation can redirect significant company resources.

Conflicts of Interest

The Company may be subject to various potential conflicts of interest because of the fact that some of its officers and directors may be engaged in a range of business activities. In addition, the Company's executive officers and directors may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to the Company. In some cases, the Company's executive officers and directors may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to the Company's business and affairs and that could adversely affect the Company's operations. These business interests could require significant time and attention of the Company's executive officers and directors.

Limited Market for Securities

There can be no assurance that an active and liquid market for the common shares will be maintained and an investor may find it difficult to resell any securities of the Group.

Unfavorable Publicity or Consumer Perception

Management of the Group believes the medical cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the medical cannabis produced. Consumer perception of the Group's proposed products may be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medical cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the medical cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Group's proposed products and the business, results of operations, financial condition and cash flows of the Group. The Group's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Group, the demand for the Group's proposed products, and the business, results of operations, financial condition and cash flows of the Group. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of medical cannabis in general, or the Group's proposed products specifically, or associating the consumption of medical cannabis with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

Product Liability

If licensed as a distributor of products designed to be ingested by humans, the Company 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 would involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of 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 the results of operations and financial condition of the Company. There can be no assurances that the Company will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of the Company's potential products.

Product Recalls

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

Competition

On October 19, 2015, the Liberal Party of Canada obtained a majority government in Canada. The Federal Government has committed to the legalization of recreational cannabis in Canada, though no model for this regulatory change has been publicly disclosed or timeline for implementation put forward. This regulatory change may not be implemented at all. The introduction of a recreational model for cannabis production and distribution may impact the medical cannabis market. The impact of this potential development may be negative for the Company and could result in increased levels of competition in its existing medical market and/or the entry of new competitors in the overall cannabis market in which the Company operates.

If the Company is successful in becoming a Licensed Producer, there is potential that the Company will face intense competition from other companies, some of which have operating histories, more financial resources, and more industry, manufacturing and marketing experience than the Company. Additionally, there is potential that the industry will undergo consolidation, creating larger companies that may have increased geographic scope and other economies of scale. Increased competition by larger, better-financed competitors with geographic or other structural advantages could materially and adversely affect the business, financial condition and results of operations of the Group.

Risk Factors Related to the United States

Investors are cautioned that in the United States, cannabis is largely regulated at the state level. To the Company's knowledge, there are to date a total of 29 states, plus the District of Columbia, Puerto Rico and Guam that have legalized cannabis in some form, including Florida, Massachusetts and Ohio. Nine states and Washington D.C. have legalized recreational cannabis in some form, including Massachusetts. Notwithstanding the permissive regulatory environment of medical cannabis at the state level, cannabis continues to be categorized as a controlled substance under the CSA and as such, violates federal law in the United States. Senators Elizabeth Warren and Cory Gardner have introduced a bipartisan Senate bill titled "Strengthening the Tenth Amendment Through Entrusting States (STATES) Act" that would lift the Controlled Substance Act's restrictions on cannabis in states that have written their own laws. However, there can be no assurances as to when this bill will pass, or if it will pass at all.

The United States Congress has passed appropriations bills in 2018 and each of the last three years that have not appropriated funds for prosecution of cannabis offenses of individuals who are in compliance with state medical cannabis laws. American courts have construed these appropriations bills to prevent the federal government from prosecuting individuals when those individuals comply with state law. However, because this conduct continues to violate federal law, American courts have observed that should Congress at any time choose to appropriate funds to fully prosecute the CSA, any individual or business—even those that have fully complied with state law—could be prosecuted for violations of federal law. And if Congress restores funding, the government will have the authority to prosecute individuals for violations of the law before it lacked funding under the CSA's five-year statute of limitations.

Violations of any federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the federal government or private citizens, or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities or divestiture. Though the Company does not directly engage in activities that may be the subject of any such proceedings, its Knalysis division has a small portion of clientele that operates in Pennsylvania. The Company notes that revenue from such clientele currently does not comprise a material portion of the Company's consolidated revenues.

INFORMATION COMMUNICATION CONTROLS AND PROCEDURES

Management, including the Interim Chief Executive Officer ("**CEO**") and the Chief Financial Officer ("**CFO**"), is responsible for designing, establishing, and maintaining a system of internal controls over financial reporting ("**ICFR**") to provide reasonable assurance that all information prepared by the Company for external purposes is reliable and timely. Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Financial Statements for external purposes in accordance with IFRS.

The Company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately reflect the transactions of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the Company's Financial Statements. Due to its inherent limitations, internal control over financial reporting and disclosure may not prevent or detect all misstatements.

The CEO and CFO have evaluated whether there were changes to the ICFR during the year ended April 30, 2019 that have materially affected, or are reasonably likely to materially affect, the ICFR. As a result, no such significant changes were identified through their evaluation.

There have been no material changes in the Company's internal control over financial reporting during the three months ending April 30, 2019 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

FORWARD-LOOKING STATEMENTS

This MD&A contains "forward-looking information" and "forward-looking statements" within the meaning of applicable Canadian securities laws (collectively referred to as "forward-looking information") which

relate to future events or the Company's future performance and may include, but are not limited to, statements about strategic plans, spending commitments, future operations, results of exploration, anticipated financial results, future work programs, capital expenditures and expected working capital

requirements. Often, but not always, forward-looking information 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 state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved.

Readers are cautioned not to place undue reliance on forward looking information and there can be no assurance that forward looking information will prove to be accurate as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking information if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that forward-looking information will materialize. Factors that could cause results or events to differ materially from current expectations expressed or implied by the forward-looking information, include, but are not limited to: fluctuations in the currency markets (such as the Canadian Dollar and the United States Dollar); changes in national and local government, legislation, taxation, controls, regulations and political or economic developments in Canada or other countries in which the Company may carry on business in the future; operating or technical difficulties in connection with exploration and development activities; risks and hazards associated with the business of the production and distribution of medical cannabis (including environmental hazards or industrial accidents); risks relating to the credit worthiness or financial condition of suppliers and other parties with whom the Company does business; the presence of laws and regulations that may impose restrictions on the production and distribution of medical cannabis, including those currently enacted in Canada; employee relations; relationships with and claims by local communities; availability and increasing costs associated with operational inputs and labor; business opportunities that may be presented to, or pursued by, the Company; risks relating to the Company's ability to raise funds; and the factors identified under "Risk Factors" in this MD&A available under the Company's profile at www.sedar.com.

The forward looking information contained in this MD&A are based upon assumptions management believes to be reasonable including, without limitation: the Company will be awarded a license to produce medical cannabis under the MMPR (now ACMPR); financing will be available for future working capital purposes and the completion of the construction of the Company's future production space; operating, and construction costs will not exceed management's expectations; all requisite regulatory and governmental approvals for construction projects and other operations will be received on a timely basis upon terms acceptable to the Company, and applicable political and economic conditions will be favorable to the Company with respect to the medical cannabis industry; debt and equity markets and other applicable economic conditions will be favorable to the Company; the availability of equipment and qualified personnel to advance the Company's licensing and construction projects and; the execution of the Company's existing and future plans, which may change due to changes in the views of the Company or if new information arises which makes it prudent to change such plans or programs.

All forward-looking-information contained in this MD&A is given as of the date hereof and is based upon the opinions and estimates of management and information available to management as at the date hereof. The Company disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.

This MD&A was prepared as at April 30, 2019. Additional information about the Company is available under the Company's profile on the SEDAR website.

(signed) Chris Churchill-Smith	*(signed)* Paul L Hart, MBA, CPA, CA, CDir
Chief Executive Officer	Chief Financial Officer