CANADA HOUSE CANNABIS GROUP INC.
Doing Business As "CANADA HOUSE WELLNESS GROUP"

Management's Discussion and Analysis

For the Three months ending July 31, 2019 and 2018

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 unaudited interim condensed consolidated financial statements and related notes thereto of the Company for the three months ending July 31, 2019 and 2018 (the "**Financial Statements**") and the audited fiscal year consolidated financial statements and related notes thereto of the Company for the years ended April 30, 2019 and 2018. 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 three months ending July 31, 2019 and 2018 were reviewed and approved by the Board of Directors of the Company on September 30, 2019. The effective date of the MD&A is September 30, 2019.

BUSINESS HIGHLIGHTS

THREE MONTHS ENDING JULY 31, 2019

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.

Also, 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.

Subsequent to the end of August, on September 3, 2019, Abba Medix Corp, ("Abba) the wholly owned subsidiary of Canada House Wellness Group, secured its amended sales license from Health Canada. Abba can now sell its own cannabis directly to patients and consumers. With this amendment, Abba plans to sell 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. Patients can pre-register on the Abba website (www.abbamedix.com).

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 210407 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 Alberta Inc. (“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, however, 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.

<u>Pennsylvania</u>

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 approximately $47 for the three month period ended July 31, 2019 (2018 - $47).

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

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 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 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 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.
September 03, 2019 License No. LIC-MZPK573ALN-2018-2	Amended Sales License - Abba can start legally selling its own branded dry flower and fresh cannabis.

Corporate activities

During the quarter July 31, 2019 no additional funds were raised. Subsequent to July 31, 2019, in September 2019, the Company closed a convertible security [“security”] financing for gross proceeds of $2,588, excluding transaction costs of $30. The $3,105 face value of the security includes prepaid interest of $518, has a term of 24 months and is repayable in 18 equal monthly payments commencing the seventh month after closing, unless reduced by any amount converted by the investor into the Company’s common shares. The security is convertible at a price per common share of $0.08. The investor also received 16,171,875 warrants, expiring in 36 months, to purchase common shares at a price of $0.15. The Company has the right to buyback the security and the prepaid interest at any time with no penalty at which time the investor will have the right to convert 25% of the outstanding principal amount and 100% of the prepaid interest into the Company’s common shares. The security is secured by a general security agreement. Under the Funding Agreement, the investor has the option to advance up to an additional $12,000,000 in gross proceeds to the Company on similar terms. Proceeds from these financings have allowed us to expand our facility in Pickering, Ontario, establish new relationships manage working capital requirements 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.

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. The venture is currently being assessed for its fit with the overall business strategy of Canada House.

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 three months ending July 31, 2019, the Company incurred a net loss of $1,722 (July 31, 2018: $2,028), cash flow used in operations for the three-months ended July 31, 2019 was $1,613 and as of July 31 2019, the Company's accumulated deficit was $40,595 (April 30, 2019: $38,571). As at July 31, 2019, the Company has current assets of $3,519 (April 30, 2019: $5,461) and current liabilities of $7,475 (April 30, 2018: $7,182) resulting in a working capital deficit of ($3,956) (April 30, 2019: deficit of $1,721).

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, 2019, 2018 and 2017.

	As at and for the Year ended April 30,		
	2019	**2018**	**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
Non-current liabilities	4,639	5,345	3,402
Working capital (deficiency)	2,191	6,670	(1,046)
Deferred income tax liability	12	519	182
Share capital	34,508	23,473	9,000
Shareholders' equity (deficit)	8,398	6,064	(1,209)
Loss per share - basic and diluted	(0.06)	(0.09)	(0.25)

Quarterly Results

	Fiscal 2020	Fiscal 2019				Fiscal 2018			
Amounts in 000's other than per share amounts (Unaudited)	**July 31, 2019**	**April 30, 2019**	**January 31, 2019**	**October 31, 2018**	**July 31, 2018**	**April 30, 2018**	**January 31, 2018**	**October 31, 2017**	**July 31, 2017**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Revenues	1,290	1,228	1,176	1,240	1,231	868	790	804	827
Net loss	(1,722)	(3,117)	(3,263)	(3,007)	(2,028)	(5,291)	(4,785)	(1,261)	(1,580)
Net loss per share - basic and diluted	(0.01)	(0.02)	(0.01)	(0.02)	(0.01)	(0.03)	(0.04)	(0.01)	(0.01)

RESULTS OF OPERATIONS

Revenues

During the first quarter ending July 31, 2019, revenue increased by $59 or 5% from $1,231 during the quarter ending July 31, 2018 to $1,290. The increase for the quarter ending July 31, 2019 compared to July 31, 2018 is primarily due to seed sales by Abba to other LPs. Clinic revenue was $1,180 during the three months ending July 31, 2019 compared to $1,194 for the same period in 2018. Knalysis revenue was $56 during the three months ending July 31, 2019 compared to $36 for the same period in 2018. Abba Earned $55 from seed sales during quarter ending July 31, 2019.

Operating Expenses

Total operating expenses for the three months ended July 31, 2019 were $3,301 compared to $2,880 for the three months ended July 31, 2018, an increase of $421 or 15%. Included in operating expenses for the three month ended July 31, 2019 were non-cash operating expenses of $830, comprised of ROU Asset, Property Plant and Equipment and Intangible asset amortization expense totaling $524 and $228 of stock-based compensation expense. In the three months ending July 31, 2018, non-cash operating expenses of $743 was comprised of a $446 of stock based compensation expense and amortization expense of $297.

General and administration costs increased by $290 or 14% from $2,032 for the three months ending July 31, 2018 to $2,322 for the three months ending July 31, 2019. Salaries, wages and consulting fees declined by $205 or 14% from $1,476 to $1,271, general operating expenses increased by $146 or 48% from $305 to $451, occupancy costs declined by $71 or 55% from $201 to $130 and professional fees increased by $420 or 840% from $50 to $470. The decrease in salaries and wages reflects improved cost management by CHC and Knalysis. Professional fees increased primarily due to legal costs from potential mergers and acquisition activities. General operating expenses increased due to expanded grow operations. Occupancy costs declined primarily due to rent expense being offset against Right of Use Asset (ROU) liability under IFRS 16 specifications.

Sales and marketing costs increased by $122 or 116% from $105 for the three months ending July 31, 2018, to $227 for the three months ending July 31, 2019 due to a $128 or 1,163% increase in advertising and promotion from $11 to $139 and a $6 or 6% decrease in travel expenses from $94 to $88. Sales and marketing costs are on the rise due to engaging Public Relations (PR) firms to increase the profile of the company. The company has also hired a full-time staff member to manage external communications.

Compared to the quarter ending July 31, 2018, during the quarter ending July 31, 2019, share based compensation decreased by $218 from $446 to $228 primarily due to one-time forfeitures arising from restructuring of the Board of Directors and the termination and resignation of certain members of senior management.

Depreciation and amortization expense from quarter ending July 31, 2018 is lower than depreciation and amortization expense from quarter ending July 31, 2019 because Pickering production facility was not amortized during quarter ending July 31, 2018 and Right of Use asset amortization under IFRS 16 was not part of the accounting process for quarter ending July 31, 2018. For quarter ending July 31, 2019 portion of Right of Use asset amortization and production facility amortization was allocated to biological asset fair value adjustments and cost of sales.

Finance, Transaction Costs and Other Expenses

Finance and transaction costs decreased by $1,296 from an expense of $307 during the three months ending July 31, 2018 to a recovery of $989 for the three months ending July 31, 2019.

In May 2019, an agreement was reached with the former shareholders of TLP to forgive 3,955,595 of their escrowed shares, leaving 7,000,000 escrowed shares available for release by November 7, 2019. The fair value of escrowed shares was estimated at $613 of which $311 was accounted for as a reduction to share capital and the balance of $302 to deficit. The gain of $613

is included within finance and transaction costs, net, in the unaudited interim condensed consolidated statement of loss for the three-month period ended July 31, 2019.

In addition, convertible debenture accretion also decreased compared to the same period in the prior year as fewer debentures remained outstanding during quarter ending July 31, 2019 compared to quarter ending July 31, 2018.

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 three month period ending July 31, 2019 and 2018. Consolidated cash flows for the three months ending July 31, 2019 were as follows:

	2019	2018
Cash flow used in operating activities	(1,613)	(1,974)
Cash flow used in investing activities	(256)	(994)
Cash flow used in financing activities	(23)	(141)
Net decrease in cash	(1,892)	(3,109)

Operating Activities

For the three months ended July 31, 2019 and 2018, cash flows used in operating activities were $1,613 and $1,974 respectively, or $361 lower compared to the same period in 2018. The decrease in the amount of cash used during the three months ending July 31, 2019 compared to July 31, 2018 is primarily related to increased financing using Trade and other payable by $805 and Trade and other receivables by $213. The company invested $110 in inventories, $157 to cover lease liability.

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 July 31, 2019, investing activities consumed cash of $256 compared to $994 for the same period in 2018.

Financing Activities

For the three months ended July 31, 2019 and 2018, cash flows used by financing activities were $23 and $141 respectively. During the first quarter ending July 31, 2019, $23 in debt was retired (year ended July 31, 2018: 2) and $0 was repaid to related parties (July 31, 2018: $139).

Consolidated Statement of Financial Position

Total current assets as at July 31, 2019 is $3,519 compared to $5,461 as at April 30, 2019. The difference is primarily due to decrease in cash balance. The Company's current liabilities as at July 31, 2019 is $7,475 compared to $7,182 as at April 30, 2019. The increase in current liabilities is due to the addition of current portion of lease liability of $647 due to new IFRS 16 specifications. Working capital as at July 31, 2019 is a deficit of $3,956 compared to a deficit of $1,721 as at April 30, 2019.

Issued and Outstanding Shareholders' Equity

Share Capital

[a] Authorized

The authorized share capital of the Company consists of an unlimited number of common shares.

[b] Issued and outstanding

	Common shares		Warrants	Contributed surplus
	#	$	#	$
Balance as at April 30 2019	253,157,570	34,508	85,868,964	12,196
Share-based compensation	—	—	—	228
Common shares issuable in exchange for professional services [1]	1,000,000	160	—	(160)
Settlement of contingent consideration [2]	(3,955,595)	(311)	—	
Balance as at July 31, 2019	250,201,975	34,357	85,868,964	12,264

	Common shares		Warrants	Contributed surplus
	#	$	#	$
Balance as at April 30 2018	164,662,939	23,473	67,824,118	8,249
Common shares issued pursuant to conversion of convertible debentures	4,397,350	399	—	—
Share-based compensation	—	—	—	446
Balance as at July 31, 2018	169,060,289	23,872	67,824,118	8,695

Reconciliation of the Company's share capital is as follows:

During the three months ending July 31, 2019:

1. 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 shares were not issued as April 30, 2019, resulting in recognition of contributed surplus of $160 during the quarter ending April 30, 2019. The shares were issued during the quarter, resulting in reclassification of $160 from contributed surplus to shareholders equity.
2. In May 2019, a settlement agreement was reached with the former shareholders of TLP to forgive the earn-out payment of 22.73% of $2,000, or $455. In addition, the shareholders of MFT agreed to defer payment of the remaining $1,545 until November 2019. The net present value of these changes, using a discount rate of 18% of the earn-out payment, is a $535 reduction in the Contingent consideration as at July 31, 2019.

   In May 2019, an agreement was reached with the former shareholders of TLP to forgive 3,955,595 of their escrowed shares, leaving 7,000,000 escrowed shares available for release by November 7, 2019. The fair value of escrowed shares was estimated at $613 of which $311 was accounted for as a reduction to share capital and the balance of $302 to deficit. The gain of $613 is included within finance and transaction costs, net, in the unaudited interim condensed consolidated statement of loss for the three-month period ended July 31, 2019

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 Company recognized $228 of share-based compensation expense during the three months ended July 31, 2019 [2018 – $446], with a corresponding amount recognized as a contributed surplus. During the three months ending July 31, 2019, the Company did not issue any stock options and no options expired or were forfeited.

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 three months ended July 31, 2019 and 2018 is as follows:

	July 31, 2019	**July 31, 2018**
	$	$
Salaries and wages	**409**	329
Share-based compensation	**228**	446
	637	775

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 July 31, 2019, the Company is committed under leases for equipment and office space for the following minimum annual rentals:

	$
2020	775
2021	692
2022	575
2023	493
Thereafter	1,854
	4,389

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 $27,000 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 September 30, 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 interim condensed consolidated financial statements of the Company for the three months ended July 31, 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

Three Months Ending July 31, 2019

IFRS 16

During the three months ending July 31, 2019, CHWG applied, for the first time, IFRS 16, Leases (“IFRS 16”) which requires assessment and potential restatement of previous financial statements, where transition adjustments exist. As required by IAS 34, the nature and effect of these changes are disclosed below.

Impact of application of FRS 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 – Revenue from Contracts with Customers has also been adopted. For Canada House, IFRS 16 is effective for the annual reporting period beginning May 1, 2019.

IFRS 16 provides a number of transition relief and practical expedients to allow an entity to minimize the costs incurred on transition to IFRS 16 without significantly compromising the quality of the financial information reported. The Company will apply the new standard using the cumulative catch-up approach, recognizing the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application and for the definition of a lease, has elected to apply the practical expedient and not apply IFRS 16 to contracts that were not previously identified as containing a lease under IAS 17 and IFRIC 4. Under the cumulative catch-up approach, whether to apply the practical expedient for leases previously classified as operating leases and ending within 12 months of the date of initial application. The Company has elected to apply the practical expedient for leases previously classified as operating leases and ending within 12 months of the date of initial application. Under the cumulative catch-up approach, whether to make any adjustments on transition for leases of low-value items previously classified as operating leases. The Company has elected not to make any adjustments for low-value leases previously classified as operating leases. Canada House will continue to account for these leases as operating leases. Under the cumulative catch-up approach, whether to apply the practical expedient for leases previously classified as operating leases and ending within 12 months of the date of initial application. The Company will be measuring the lease liability using the incremental borrowing rate at the date of initial application in accordance with IFRS 16.C8(a) and will also use hindsight in determining the lease term. It currently does not have any onerous leases hence, the onerous lease expedient is not

applicable. Canada House has elected to exclude initial direct costs from the measurement of the right-of-use asset and to measure the right-of-use asset at an amount equal to the lease liability with any respective adjustments required for prepaid or accrued lease payments.

For leases that were classified as operating leases under IAS 17, lease liabilities at transition have been measured at the present value of remaining lease payments, discounted at the related incremental borrowing rate as at May 1, 2019. The rate applied is 10%. ROU assets at transition have been measured at an amount equal to the corresponding lease liabilities, adjusted for any prepaid or accrued rent relating to that lease, with no net impact on retained earnings.

The Company has made use of the following practical expedients available on transition to IFRS 16:

- Applied a single discount rate to a portfolio of leases with similar characteristics;
- Applied the recognition exemptions for low value leases and leases that end within twelve months of the date of initial application, and account for them as low value and short-term leases, respectively;
- Relied upon the Company's assessment of whether leases are onerous under the requirements of IAS 37, Provisions, contingent liabilities and contingent assets as at December 31, 2018 as an alternative to reviewing the Company's ROU assets for impairment, concluding that there were no onerous leases;
- Accounted for non-lease components and lease components as a single lease component.

The cumulative effect of the changes made to the May 1, 2019 consolidated statement of financial position for the adoption of IFRS 16 is as follows:

	Balance as at April 30, 2019	**IFRS 16 adjustments**	**Balance as at May 1, 2019**
	$	$	$
Assets			
Right-of-use assets, net	—	3,374	**3,374**
Prepayments	465	(57)	**408**
Liabilities			
Current portion of lease liability	—	612	**612**
Lease liability	—	2,705	**2,705**

The operating lease obligations as at April 30, 2019 are reconciled as follows to the recognized lease liabilities as at May 1, 2019:

	$
Aggregate lease commitments as disclosed at April 30, 2019	3,743
Newly found leases	433
	4,176
Less commitments related to short-term and low-value leases	108
Adjusted lease commitments	4,068
Less impact of present value	751
Opening IFRS 16 lease liability as at May 1, 2019	3,317

New accounting policy for leases under IFRS 16

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognizes a right of use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, at the commencement of the lease. The right of use asset for such leases are recognized in the consolidated statements of financial position on a straight-line basis over the lease term. The Company has elected not to recognize right of use assets and liabilities for leases where the total lease term is less than or equal to twelve months, or for leases of low value.

The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date and subsequently measured at cost less accumulated depreciation and impairment losses. The right of use asset is depreciated over the shorter of the lease term or the useful life of the underlying asset. The right of use asset is subject to testing for impairment if there is an indicator of impairment.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease , if available, or if this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease payments include fixed payments less any lease incentives, and any variable lease payments where variability depends on an index or rate. When the lease contains an extension or purchase option that the Company considers reasonably certain to be exercised, the cost of the option is included in the lease payments. Variable lease payments that do not depend on an index or rate are not included in the measurement of the right of use asset and lease liability. The related payments are recognized as an expense in the period in which the triggering event occurs and are included in the consolidated statements of loss and comprehensive loss.

(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 and was adopted by the Company effective May 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 did not have a 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 July 31, 2019 and April 30, 2019, two customers represented 71 % and 74% 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:

	July 31, 2019	**April 30, 2019**
	#	#
Note past due	**476**	571
1 to 30 days past due	**16**	166
31 to 60 days past due	**191**	—
Over 61 days past due	**177**	39
	860	776

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:

			Contractual cash flows			
	Carrying amount	Total contractual cash flows	Year 1	Year 2	Year 3	Year 4 and beyond
	$	$	$	$	$	$
Lease liability	3,360	4,088	668	654	542	2,224
Contingent consideration	3,376	3,545	3,545	—	—	—
Trade and other payables	3,364	3,364	3,364	—	—	—
Convertible debentures	420	1,461	99	99	1,262	—
Borrowings	313	313	—	313	—	—
Due to related parties	88	88	88	—	—	—
	10,291	12,859	7,764	1,066	1,804	2,224

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 July 31, 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 July 31, 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

Please refer to the Risk Factors in the Company's annual Management's Discussion and Analysis for the year ended April 30, 2019.

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 July 31, 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 July 31, 2019. Additional information about the Company is available under the Company's profile on the SEDAR website.

(signed) Chris Churchill-Smith

Chief Executive Officer

(signed) Paul L Hart, MBA, CPA, CA, CDir

Chief Financial Officer