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

Management's Discussion and Analysis

For the Year Ending April 30, 2020

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 consolidated financial statements and related notes thereto of the Company for the years ending April 30, 2020 and 2019 (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 prepares Financial Statements in accordance with International Financial Reporting Standards ("**IFRS**"). Except where otherwise indicated, all financial information reflected herein is expressed in thousands of 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 year ending April 30, 2020 and 2019 were approved and authorized for issuance by the Board of Directors of the Company on August 28, 2020. The effective date of the MD&A is August 28, 2020.

BUSINESS HIGHLIGHTS

COVID-19 global pandemic

On March 11, 2020, the World Health Organization recognized the outbreak of COVID-19 as a global pandemic resulting in uncertain economic and business impact on a global scale. Taking into consideration the impact of COVID-19, the Company has reviewed its significant estimates, assumptions and judgments used in the preparation of these consolidated financial statements, including with respect to the determination of whether indicators of impairment exist for its tangible and intangible assets and the credit risk of its counterparties that the Company transacts with.

Based on this analysis, the Company has determined that there was no significant impact to any of managements estimates, assumptions or judgments, however, the continuing uncertainty associated with the COVID-19 pandemic may require changes to certain of these estimates, assumptions or judgments which could have a material impact on the Company's financial position and results of operations.

Subsequent to the year ending April 30, 2020, the Company announced:

1. *On May 21, 2020,* that its wholly owned subsidiary, Abba Medix Corp. ("**Abba**"), introduced Flyte vape pens in Sour Diesel, Pineapple Express, Green Crack God, and Granddaddy Purp strains to registered medical patients, including Veterans. The 0.5 gram rechargeable pens with wickless ceramic core cartridges are well-known to experienced cannabis consumers and are valued for their portability,

design and rapid onset of delivery. The new products are available to registered Abba patients at www.abbamedix.com.

2. *On May 29, 2020*, the signing of a Definitive Agreement concerning a strategic acquisition of IsoCanMed Inc. ("**ICM**"), a fully operational private cannabis company located in Louiseville, Quebec. This acquisition opens access to the vast Quebec cannabis market to cutting-edge cultivation technologies and a significant increase in production capacity to promote rapid growth.

3. *On June 4, 2020*, an exclusive genetic licensing agreement with InPlanta Biotechnology Inc. ("**InPlanta**") to bring VetStar Day™ and VetStar Night™ strains to the licensed facility of its wholly owned subsidiary, Abba, in Pickering Ontario. InPlanta, a leading Cannabis R&D company based in Lethbridge, Alberta, will partner with Canada House and Abba on the production of a veteran focused line of Cannabis products to be offered exclusively to registered Abba patients.

4. *On June 8, 2020,* that Abba had fulfilled $1.1 million of orders and received payment under the supply agreements with the BC Liquor Distribution Branch and the Alberta Gaming, Liquor and Cannabis ("**AGLC**") for recreational use products in 3.5-gram dried flower and 0.5-gram pre-rolled formats.

5. *On June 11, 2020,* that ICM signed a letter of intent with the Société québécoise du cannabis ("**SQDC**") to distribute cannabis products in Quebec. This agreement represents a potential supply of 3,000 kg per annum of cannabis products.

   The Company also announced a follow-up order valued at $259 from AGLC. This order from the AGLC was delivered on July 10, 2020 and payment received on July 31, 2020.

6. *On June 12, 2020,* that it closed the strategic acquisition of ICM.

7. *On August 5, 2020*, the closing of a $6.5 million convertible debenture financing from strategic investor Archerwill Investment Inc., using a portion of the proceeds to pay off the Lind Partners secured convertible debenture in full. Prior to the transaction, Archerwill beneficially owned or had control or direction over 3,122,000 common shares and 4,973,635 warrants of Canada House convertible into or exercisable for 4,973,635 Common Shares. As part of the financing, Archerwill concurrently received Common Share purchase warrants, exercisable at $0.06 per share for a period of 4 years. If the debenture was fully converted, Archerwill's ownership interest would be 15.9% and increase to 28.3% if the Warrants were fully exercised (assuming no other conversions of outstanding securities of the Company).

8. *On August 24, 2020* that Abba received its amended sales license from Health Canada allowing for the sale of cannabis oil, concentrate, topical and edible products produced from its facility in Pickering, Ontario and an agreement with Organic Extraction Technologies ("OET") to produce solventless cannabis rosin at its Pickering, Ontario facility. This license amendment allows the Company to further expand its existing product offerings to the medical and recreational consumer markets with internally produced oil, concentrate, extract, topical and edible products. Abba is currently generating full-spectrum concentrates and will continue to work closely with Canada House's wholly owned subsidiary, Canada House Clinics ("CHC"), to expand its portfolio of products to best manage the complex physical and psychological conditions of its medical patient base.

YEAR ENDING APRIL 30, 2020

During the year ending April 30, 2020, the Company announced:

1. On May 24, 2019, that Abba completed its first harvest from its licensed facility in Pickering.

2. On July 25, 2019, that 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.

3. On September 3, 2019, that Abba secured its amended sales license from Health Canada and can 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).

4. On September 11, 2019, that it entered into a funding agreement for gross proceeds of up to $14.6 million with Lind Partners, with the first closing consisting of a convertible security with a face value of $3,105 and gross proceeds of $2,587. Subsequent to year-end, in August 2020, this amount was repaid in full.

5. On October 31, 2019, that Abba entered into a five-year supply agreement with Pharmadrug Production GmbH, a German EU GMP approved generic pharmaceutical manufacturer, and a subsidiary of Pharmadrug Inc. (CSE: BUZZ). Under the supply agreement, after Abba receives its EU-GMP certification, Pharmadrug will purchase medical cannabis from Abba's facility for sale in Germany under Pharmadrug's Cannabion brand.

6. On November 5, 2019, that Abba launched its updated website, making it easier for patients who prefer online ordering and positioning it to serve its patients with industry leading customer service and a seamless online customer experience. Abba continues to ramp up production towards its goal of between 2,000 and 3,000 kg of dried flower on an annualized basis at its Pickering, Ontario facility. It is now in full perpetual grow with regular harvests every three weeks.

7. On November 25, 2019, that Abba entered into a two-year Medical Cannabis Supply Agreement with Franchise Cannabis Corp.'s wholly owned subsidiary, ACA Müller ADAG Pharma Vertriebs GmbH, the first company in Germany licensed to distribute medical cannabis, for the sale and export of a minimum of 200 kg of pharmaceutical-grade EU-GMP cannabis flower into the European Union each year.

8. On January 17, 2020, the results of the company's Annual General Meeting of shareholders on Thursday, December 19, 2019. The directors of the Company that were nominated at the meeting – Norman Betts, Chris Churchill-Smith, Shawn Graham, Gaetan Lussier, and Dennis Moir – were elected to hold office until the next Annual General Meeting of Shareholders, or until their successors are elected or appointed. In addition, Ernst & Young LLP were appointed as auditors of the Company for the following year and the Directors were authorized to fix their remuneration.

9. On January 21, 2020, that 30,000,000 common shares were issued at a deemed price per share of $0.05 to each of the founding shareholders of CHC, totalling 60,000,000 common shares, pursuant to separate debt settlement agreements entered into between the Company and each such individual for the satisfaction of $3,000 of the Company's remaining earn-out obligations from its 2016 acquisition of Marijuana for Trauma, which payments were originally due in November 2019. This debt settlement was priced at a premium of 67% to the 10-day volume weighted average trading price of $0.03 of the common shares on the Canadian Securities Exchange for the period ended January 17, 2020. The settlement of this major liability significantly improves the strength of the balance sheet.

10. On January 22, 2020, that Abba introduced three additional strains to its product portfolio: Sage & Sour, Critical Orange Punch, and White Shark for sale to registered Abba patients at www.abbamedix.com, increasing the number of strains available to four.

11. On January 27, 2020, that Abba registered its 100th medical patient in less than three months. A key strategy is to increase Abba's patient base by expanding relationships with users of medical cannabis and cannabis clinics across the country.

12. On March 2, 2020, that Abba introduced Orange Dreamer and Cinnamon Twist, two Indica dominant hybrid phenotypes screened in-house at Abba, to its product portfolio.

13. On March 4, 2020, that it closed the First Tranche of a Non-Brokered financing of units resulting in the issuance of 93,771,428 Units for total gross proceeds to the Company of $2,626 for general operating and working capital purposes. Each Unit was sold at a price of $0.028 and is comprised of: (i) one common share and (ii) and one detachable common share purchase warrant of the Company. Each Warrant is exercisable into one Common Share at an exercise price of $0.05 for a period of 36 months following the closing date of the Offering. All securities issued in connection with the Offering are subject to a statutory hold period expiring four months and one day after the closing of the Offering. Completion of the Offering is subject to regulatory approval.

14. On March 11, 2020, that it closed the second tranche of its previously announced non-brokered financing of units of the Corporation . Upon closing of the Second Tranche, the Company issued a total of 3,571,429 Units at a purchase price of $0.028 per Unit, to raise gross proceeds of $100, bringing the aggregate gross amount raised under the Offering to $2,726.

15. On March 23, 2020, that its board of directors has approved the grant of an aggregate of 2,000,000 incentive stock options to certain officers, employees, and consultants of the Company and its subsidiaries. The Options are exercisable at a price of $0.05 per share and will vest consistent with Company policy and past practices. Additionally, all of the Options have a five-year term and are based on Canada House's stock option plan and the requirements of the Canadian Securities Exchange.

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 Canadian Securities Exchange ("**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**, a licensed producer in Pickering, Ontario that produces high quality medical grade cannabis; **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 ("**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. Subsequent to April 30, 2020, Abba received its amended sales license from Health Canada allowing for the sale of cannabis oil, concentrate, topical and edible products produced from its facility in Pickering, Ontario and an agreement with Organic Extraction Technologies ("OET") to produce solventless cannabis rosin at its Pickering, Ontario facility.

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 its 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 the licensed cannabis dispensary in Edmonton, Alberta.

Issuers with U.S Cannabis-Related Activities

Knalysis is in the business of developing and selling, on a SaaS basis, medical marijuana patient management processing software and services. Knalysis had a client that currently operates a clinic in the state of Pennsylvania and provided clinic software for revenue of $129 during the year ending April 30, 2020. The Pennsylvania's clinic operations were limited to cannabis advice and prescriptions. This clinic was not vertically integrated. To the knowledge of the Company, the business of these clients was in compliance with the applicable licensing requirements and regulatory framework of Pennsylvania.

Subsequent to the year-end, in June 2020, the contract with this client was terminated and neither the Company nor any of its subsidiaries now conduct business in the United States.

Business Strategy and Developments

Canada House believes a vertical integration strategy is well suited to the Canadian 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.

Key strategic initiatives are as follows:

1. *Build a strong medical cannabis veteran product portfolio offering both Abba and third-party products.*

   Abba now offers dried flower, vape pens, oils and edibles and plans to continue to add new, exciting, Cannabis 2.0 and other products aimed at both the medical and recreational markets. Medical cannabis sales to veterans has increased rapidly since Abba received its amended sales license in October 2019 and there is continued, rapid growth in monthly uptake. Also, by entering into the exclusive genetic licensing agreement with InPlanta, Abba plans to be able to bring the VetStar Day™ and VetStar Night™ strains exclusively to its patients.

2. *Leverage its acquisition of IsoCanMed in Quebec in June, 2020 to penetrate the rapidly growing Quebec cannabis market and SQDC opportunities.*

   As a result of the strategic acquisition of IsoCanMed Inc. (“ICM”), the Company gains access to the vast Quebec cannabis market, with cutting-edge cultivation technologies and a significant increase in production capacity to promote rapid growth.

   Under the Agreement, the Company acquired ICM's state-of-the-art 64,000 square foot production facility with an annual production capacity of over 6,000 kg of inexpensive dried flower using advanced aeroponic cultivation methods. ICM also has adjacent land of 450,000 square feet that can accommodate the construction of facilities which, when built, will provide an additional production capacity of 50,000 kg. In addition, ICM has signed a letter of intent with the Société québécoise du cannabis (“SQDC”) for a potential supply of 3,000 kg of cannabis product. The first delivery is expected to occur in the second half of calendar year 2020. The operation further ensures the security of supply for Abba's medical patients and meets growing demand from provincial distributors across Canada.

3. *Continue to leverage existing and additional recreational channels in Alberta, British Columbia and other jurisdictions.*

   Abba has fulfilled over $1.1 million of orders and received payment under the supply agreements with the BC Liquor Distribution Branch and the Alberta Gaming, Liquor and Cannabis (“AGLC”) for recreational use products in 3.5-gram dried flower and 0.5-gram pre-rolled formats. We continue to explore new opportunities both British Columbia and AGLC for future orders, as well as other recreational opportunities in Canada and Europe.

Under Abba's five-year supply agreement with Pharmadrug, Pharmadrug will purchase medical cannabis from Abba's facility for sale in Germany under Pharmadrug's Cannabion brand. After Abba obtains its EU-GMP certification, minimum quantities for the first year are 250 kg of dry flower or oil equivalent, with a right to purchase an additional 250 kg, at a bulk sale price of EUR 4.00 per gram. Minimum quantities for the subsequent years increase to 500 kg of dry flower or oil equivalent, with a right to purchase an additional 500 kg at the same first year price, subject to a price reduction if German wholesale prices fall by more than EUR 1.50 per gram. Subject to a right of first refusal by Pharmadrug, Abba will have the ability to sell additional dry flower or oil equivalent during the term of the supply agreement.

Also, Abba has a two-year Medical Cannabis Supply Agreement with Franchise Cannabis Corp.'s wholly owned subsidiary, ACA Müller ADAG Pharma Vertriebs GmbH ("ACA Müller"), the first company in Germany licensed to distribute medical cannabis, for the sale and export of a minimum of 200 kg of pharmaceutical-grade EU-GMP cannabis flower into the European Union each year. Franchise's collection of genetics consists of over 220 strains, bred by award winning and world-renowned breeder Charles Scott. Mr. Scott has won numerous globally recognized awards including an induction into the High Times Hall of Fame and 19 Cannabis Cups for THC strains such as Love Potion #1, Willie Nelson, and Pink Kush. All products delivered under the Supply Agreement will be derived from plants grown in Abba's cultivation facility using Franchise's Genetics. The minimum quantity deliverable under the Supply Agreement equates to minimum approximate revenue of $1.2M CAD during each year of the Supply Agreement ($2.4M CAD over the two-year term). Subject to the existing right of first refusal under the supply agreement announced by Abba on October 31, 2019, Franchise will have the first right during the term to purchase all EU-GMP certified products shipped by Abba to the European Union at a set price. ACA Müller and Abba will begin exports into Germany and other European Union countries upon Abba receiving EU-GMP certification by relevant authorities.

The Company has decided that pursuing the development of the Vegreville project, previously announced in January 2019, is no longer core to the Company's strategy, but for now, it remains available should market conditions change. Alternatively, it may be sold should the Company later decide to list it for sale and a suitable offer is received.

No further actions will be taken concerning the agreement announced in July 2019 with Weedbox Inc. for the completion and operation of Abba's licensed cannabis dispensary in Edmonton, Alberta. Rather than pursue a branding and retail strategy through the Company's agreement with Weedbox Inc., Canada House has decided to execute its retail strategy through provincial supply agreements and the creation of a product and brand portfolio for the Health & Wellness space. In conjunction with this decision, Canada House is reviewing its strategy with respect to the Edmonton dispensary and investigating potential interest from strategic partners. Canada House does not intend to invest nor operate the Edmonton dispensary alone. It will review strategic alternatives for this project throughout 2020.

In October of 2018, Abba entered into a Joint Venture with Nutritional High International Inc. for the joint development of extraction capabilities within Abba's licensed facility in Pickering, Ontario. The JV contemplated certain funding obligations by both Abba and NH, certain operating project costs to be included at the JV level, and an equal profit share between Abba and NH. Canada House management has determined that participating in the oils and extracts market is part of the Company's core strategy, however, the economics contemplated under the JV do not sufficiently compensate Abba for its existing licenses, the proximity of its licensed facility to the Greater Toronto Area, and the expertise of its existing

staff. As such, and in light of the Company's current focus on protecting its Balance Sheet, the Company has decided not to pursue the JV under its current terms.

Canada House Clinics

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 fourteen clinic locations, of which eleven are standalone, and three are embedded inside third party medical clinics. There are three clinics in Alberta, one in each of Prince Edward Island and Newfoundland, two clinics in New Brunswick, two clinics in Nova Scotia and five 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 continues to make improvements to its Cannabis Patient Management ("**CPM**") software, including new physician services capabilities, embedded secure telemedicine, prescriber and client portals, digital treatment plans and reconciliation of licensed producer payments. The CPM software not only allows for better service to existing clients, it also improves the efficiency of managing patient care.

In the interest of providing superior, comprehensive service to its clients, CHC has added Licensed Practical Nurses and other health workers 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. CHC uses a combination of Physicians and Nurse Practitioners to issue medical documents, both in person and via telemedicine. Consultation fees are either billed back to a payor (e.g. provincial health plan) or paid by CHC (e.g. a Nurse Practitioner seeing a patient).

New clients must register online on CHC's website or walk into 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 cannabis strains and Licensed Producer and CTE's are first and foremost committed to connecting patients to Licensed Producers that are best suited to their needs.

Patient educators ("**Educators**") have not been made aware of the specific terms and conditions of any educational contracts with partnered Licensed Producers. Their recommendations to clients are based on the recommended treatment plan and Canada House attempts to standardize educational contracts across LP's. Canada House Clinics and its Educators are committed to recommending products and Licensed Producers based on the cannabinoid and terpene profiles best suited for the diagnosis and conditions being treated. Educators generally recommend treatment appropriate products that they are more familiar with

across the over 20 Licensed Producers that Canada House works with. Patients can demand Licensed Producers that Canada House does not have a contract with, and Educators may suggest products from an uncontracted Licence Holder if it is a better option for the patient and the Educator sufficiently understands the capabilities of that Licensed Producer.

CHC continues to add Licensed Producers to provide greater capacity, expand its Product portfolio and enhance its care alternatives. As of April 30, 2020, in addition to Abba, 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. Abba has now secured its amended sales license from Health Canada, enabling the sale of its own cannabis directly to CHC and other patients, as well as consumers.

Licensed Producer

Up to April 30, 2020, Abba has invested approximately $8.4 M in leasehold improvements and necessary equipment. At full capacity, it is capable of producing between 2,000 and 3,000 kg of premium cannabis annually, with plans to carefully and strategically increase this over time. Abba has detailed policies and Standard Operating Procedures ("**SOPs**") and has 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 2018, Abba entered into an exclusive license for Canada for SOPs 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. At that time, the MMT technology offered proven commercial production opportunities and potential revenue opportunities to microgrowers throughout Canada. More recently, Abba's grow methodologies have become inconsistent with the MMT technology and the Company recognized an impairment charge of $1,942 during the year.

A summary of the dates and descriptions of the Abba licenses to April 30, 2020 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.
August 30, 2019 License No. LIC-MZPK573ALN-2018-2	Amended Sales License - Abba can start legally selling its own branded dry flower and fresh cannabis.

Subsequent to year-end, in August 2020, Abba received its amended sales license from Health Canada allowing for the sale of cannabis oil, concentrate, topical and edible products produced in its facility in Pickering, Ontario.

Technology - Knalysis

On January 12, 2018, by completing the acquisition of all 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 the Cannabis Patient Management ("**CPM**") software used by **CHC** for its clinics across Canada. It also successfully sold its CPM SaaS solution to a Pennsylvania medical cannabis clinic, which terminated its contract in June 2020. In addition to providing ongoing support to CHC, Knalysis is seeking opportunities with other medical cannabis companies across Canada. The Company believes that the knowledge database acquired from CHC's over 14,000 patients has tremendous value to others in the medical cannabis industry.

Corporate activities

During the fiscal year ended April 30, 2020 Canada House successfully organized financings totaling $5.2 million (2019: $5.7 million). Proceeds from these financings have allowed the Company to complete its facility in Pickering, Ontario, expand its Abba medical cannabis product portfolio and inventory, sell into new and developing recreational markets in Alberta and BC while supporting CHC patients.

Going Concern Uncertainty

The consolidated financial statements have been 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 operations. These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

For the year ended April 30, 2020, the Company incurred a net loss of $9,520, and as at April 30, 2020, had an accumulated deficit of $48,396 and a working capital surplus of $1,042. Cash flow used in operations for the year ended April 30, 2020 was $5,279. Whether, and when, the Company can attain profitability and positive cash flows from operations is subject to material uncertainty. There is a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and, therefore, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. The Company will need to raise additional capital in order to fund its planned operations and meet its obligations. While the Company has been successful in obtaining financing to date and believes it will be able to obtain sufficient funds in the future and ultimately achieve profitability and positive cash flows from operations, there can be no assurance that the Company will achieve profitability and be able to do so in the future on terms favourable for the Company.

Subsequent to the year end, on August 8, 2020, the Company closed the strategic investment transaction with Archerwill in the form of a secured convertible debenture in the amount of $6,500. With this financing transaction, the Company repaid $2,529 of its convertible debentures.

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, 2020 and 2019.

	As at and for the Year Ended April 30, 2020 $000's	As at and for the Year Ended April 30, 2019 $000's	As at and for the Year Ended April 30, 2018 $000's
Revenue	5,334	4,875	3,289
Net revenue	5,310	—	—
Income (loss)	(9,520)	(11,415)	(12,917)
Current assets	4,982	5,461	10,311
Non-current assets	9,446	10,846	4,739
Current liabilities	3,940	7,182	3,641
Non-current liabilities	5,414	727	5,345
Working capital (deficiency)	1,042	(1,721)	6,670
Deferred income tax liability	-	12	519
Share capital	39,241	34,508	23,473
Shareholders' equity	5,074	8,398	6,064
Loss per share - basic and diluted	$(0.03)	$(0.06)	$(0.09)

Quarterly Results

Quarter	Net revenues $000's (Unaudited)	Net income (loss) $000's (Unaudited)	Net earnings (loss) per share basic and diluted $ (Unaudited)
Year ended April 30, 2020			
Quarter ended April 30, 2020	1,387	(4,513)	(0.01)
Quarter ended January 31, 2020[1]	1,342	(1,568)	(0.00)
Quarter ended October 31, 2019	1,291	(1,717)	(0.01)
Quarter ended July 31, 2019	1,290	(1,722)	(0.01)
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)
(a)			
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	1,205.17
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

1) The Company's results for Q3 2020 is being restated related to the settlement of certain liabilities by way of share issuance. The previous reported loss of $364 included a gain recognition of $1,204 which should have been accounted for as share capital resulting in a revised net loss of $1,568 for the quarter ended January 31, 2020. The impact on loss per share, basic and diluted from a loss of $0.00 to a loss, basic and diluted of $0.01. Share capital increased from reported amount of $36,199 to $37,403. The restatement had no affect on previously reported cash flow related activities.

RESULTS OF OPERATIONS

Net Revenues

During the fourth quarter ending April 30, 2020, net revenue increased by $158 or 13% from $1,228 during the same quarter the prior year to $1,387. The increase is primarily due to an increase in sales to medical patients by Abba.

For the twelve months ending April 30, 2020, net revenue increased by $435 or 9% from $4,875 during the same period the prior year to $5,310 due to a $350 increase in revenue from Abba and a $85 increase in revenue from CHC

Operating Expenses

Total operating expenses include General and administrative, Sales and marketing, Share-based compensation, Right-of-use assets amortization and Depreciation and amortization. Total Operating Expenses for the three and twelve months ended April 30, 2020 were $2,339 and $7,872 compared to $2,091 and $9,165 for the three and twelve months ended April 30, 2019, an increase of $248 or 12% compared to the same three month period in the prior year and a decrease of $1,293 or 14% for the same twelve month period in the prior year. Included in operating expenses for the three and twelve months ended April 30,

2020 were non-cash operating expenses of $847 and 3,057 respectively, comprised of ROU Asset, Property Plant and Equipment and Intangible asset amortization expense totaling $481 for the three month period and $3,855 for the twelve-month period and $366 and $762 of stock-based compensation expense for the three and twelve months respectively. In the three and twelve months ending April 30, 2019, non-cash operating expenses of $244 and $3,789 respectively were comprised of a $210 reversal of stock-based compensation expense and $1,927 respectively and amortization expense of $454 and $1,862 respectively.

General and administrative costs decreased by $177 or 9% from $2,019 to $1,842 for the three months ended April 30, 2020 and decreased by $939 or 11% from $8,558 for the twelve months ended April 30, 2019 to $7,649 for the twelve months ended April 30, 2020. For the twelve month period, salaries, wages and consulting fees decreased by $895 or 16% from $5,706 to $4,811, general operating expenses increased by $302 or 24% from $1,285 to $1,587, occupancy costs declined by $441or 54% from $810 to $369 and professional fees increased by $95 or 12% from $787 to $882.

Sales and marketing costs decreased by $26 from $577 to $551 for the twelve months ending April 30, 2020 compared to the same period in the prior year.

Finance, Transaction Costs and Other Expenses

Finance and transaction costs for the three and twelve months ending April 30, 2020 increased by $37 from $217 to $254 and decreased by $1,482 from an expense of $1,332 to a recovery of $150 primarily due to a reversal of interest accretion related to deferral of the RTO debt obligation until November 2019 and the forgiveness of the earn-out provision owing to the shareholders of The Longevity Project Corp. ("**TLP**").

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 year ending April 30, 2020 and 2019.

Consolidated cash flows for the twelve months ending April 30, 2020 were as follows:

	Twelve Months ending April 30	
	2020	**2019**
Cash flow used in operating activities	(5,279)	(6,081)
Cash flow used in investing activities	(747)	(5,152)
Cash flow generated by (used in) financing activities	4,366	5,707
Net change in cash	(1,660)	(5,526)

Operating Activities

For the twelve months ended April 30, 2020 and 2019, cash flows used in operating activities were $5,279 and $6,081 respectively. The $802 decrease in the amount of cash used during the twelve months ending April 30, 2020 compared to April 30, 2019 is primarily due to a $2,341 improvement in cash from operations, offset by a $1,539 increase in working capital primarily related to an increase in inventory.

Investing Activities

Cash flows used in investing activities in 2020 decreased to $747 from $5,152 for the year ended April 30, 2019. The decrease was primarily related to the reduction of cash used in purchase of property, plant and equipment. The work to complete the Company's production facility was largely complete during the year ended April 30, 2019, requiring only $475 of leasehold improvements (year ending April 30, 2019: $3,433), $269 of equipment expenditures (year ending April 30, 2019: $337) and $13 of furniture and fixtures (year ending April 30, 2019: $45) in the year ended April 30, 2020. Intangible assets in the amount of $1,165 purchased in the prior year did not recur in the year ended April 30, 2020.

Financing Activities

During the twelve months ended April 30, 2020, the Company completed a debenture financing for $2,428 and a private placement for $2,722. During the same period in 2019, the Company raised $5,438 through a private placement and borrowings of $306.

Consolidated Statement of Financial Position

Total current assets as at April 30, 2020 was $4,982 compared to $5,461 as at April 30, 2019. The Company's current liabilities as at April 30, 2020 was $3,940 compared to $7,182 as at April 30, 2019. The significant decrease in current liabilities is due to the conversion of the outstanding contingent consideration as at April 30, 2019 into $545 of promissory notes with the remainder converted into common shares of the company at a price of five cents, above the current market price at the time of conversion. Working capital as at April 30, 2020 was a $1,042 compared to a deficiency of ($1,721) as at April 30, 2019.

Issued and Outstanding Shareholders' Equity

e	Share capital #	$	Equity component of convertible debenture $	Contributed surplus $	Deficit $	Total shareholder s' equity $
Balance as at May 1, 2018	164,662,939	23,473	1,498	8,249	(27,156)	6,064
Common shares issued pursuant to conversion of convertible debentures, net of taxes	31,113,864	2,793	(1,233)	504	—	2,064
Common shares issued pursuant to exercise of warrants	2,795,425	900	—	(212)	—	688
Common shares issued pursuant to private placement	36,934,802	3,842	—	928	—	4,770
Common shares issuable in exchange for services	—	—	—	160	—	160
Common shares to be issued to related party for land purchase	—	—	—	640	—	640
Common shares issued for acquisition of intangible assets	17,650,540	3,500	—	—	—	3,500
Share-based compensation	—	—	—	1,927	—	1,927
Net loss and comprehensive loss for the year	—	—	—	—	(11,415)	(11,415)
Balance as at April 30, 2019	253,157,570	34,508	265	12,196	(38,571)	8,398
Common shares issued pursuant to private placement	**97,342,857**	**1,813**	**—**	**909**	**—**	**2,722**
Common shares issuable in exchange for services	**1,000,000**	**160**	**—**	**(160)**	**—**	**—**
Shares issued on settlement of liabilities	**62,447,347**	**3,071**	**—**	**—**	**—**	**3,071**
Forgiveness of contingent consideration	**(3,955,596)**	**(311)**	**—**	**—**	**(305)**	**(616)**
Convertible debenture	**—**	**—**	**154**	**103**	**—**	**257**
Share-based compensation	**—**	**—**	**—**	**762**	**—**	**762**
Net loss and comprehensive loss for the year	**—**	**—**	**—**	**—**	**(9,520)**	**(9,520)**
Balance as at April 30, 2020	**409,992,178**	**39,241**	**419**	**13,810**	**(48,396)**	**5,074**

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		Equity component of convertible debentures	Contributed surplus Warrants	
	#	$	$	#	$
Balance, April 30, 2018	**16,662,939**	**23,473**	**1,498**	**67,824,118**	**8,249**
Common shares issued pursuant to conversion of convertible debenture	31,113,864	2,793	(1,233)	—	504
Common shares issued pursuant to exercise of warrants	2,795,425	900	—	(2,795,425)	(212)
Issuance of common shares and warrants for cash, net of transaction costs	36,934,802	3,842	—	32,217,401	928
Warrants expired	—	—	—	(11,559,631)	—
Common shares issuable in exchange for professional services	—	—	—	—	160
Common shares issuable to a related party for purchase of land	—	—	—	—	640
Common shares issued for acquisition of intangible assets	17,650,540	3,500	—	—	—
Share-based compensation	—	—	—	—	1,927
Balance as at April 30, 2019	**253,157,570**	**34,508**	**265**	**85,868,964**	**12,196**
Common shares issued pursuant to private placement	97,342,857	1,813	—	97,342,857	909
Common shares issuable in exchange for professional services	1,000,000	160	—	—	(160)
Settlement of liability	62,447,347	3,071	—	—	—
Forgiveness of contingent consideration	(3,955,596)	(311)	—	—	—
Warrants expired	—	—	—	—	—
Convertible debenture	—	—	154	16,171,875	103
Share-based compensation	—	—	—	—	762
Balance as at April 30, 2020	**409,992,178**	**39,241**	**419**	**199,383,696**	**13,810**

During the year ended April 30, 2019:

(i) 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.

(ii) 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.

(iii) 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 100% and expected dividend yield of 0%.

In January 2019, 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%.

(iv) 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, 2020:

(v) In March 2020, the Company issued 97,342,857 common shares and 97,342,857 common share purchase warrants for total cash proceeds of $2,725. The transaction costs were $3. Each common share purchase warrant is exercisable to acquire one common share at an exercise price of $0.05 per common share for a period of three years from the date of issuance. Total proceeds of $2,725 were allocated to common shares ($1,813) and common share purchase warrants ($909) on a fair value proportionate basis. The fair value of common shares on date of issuance was $0.04 per share. The fair value of common share purchase warrants was determined to be $0.03 per warrant using the Black-Scholes option pricing model with a market price per common share of $0.04, a risk-free interest rate of 0.99%, an expected annualized volatility of 75% and expected dividend yield of 0%.

(vi) 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 year ended April 30, 2019. The shares were issued during the year, resulting in reclassification of $160 from contributed surplus to shareholders' equity.

(vii) The Company issued the following shares to settle various obligations of the Company during the year:

	#	$
• Settlement of trade payables and other obligations in the amount of $85 for $61 of common shares of the Company.	2,114,014	61
• Settlement of debt of $10	333,333	10
	2,447,347	71

In January 2020, the Company issued 30,000,000 common shares at a deemed price per share of $0.05 to each of two former shareholders of MFT and TLP, totaling 60,000,000 common shares, pursuant to separate debt settlement agreements entered into between the Company and each such individual for the satisfaction of $3,000 of remaining contingent consideration of $3,545 owing to the shareholders, which payments were originally due in November 2019. The remaining $545 remains owing under two promissory notes (note 4).

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 $366 and $762 of share-based compensation expense during the three and twelve months ended April 30, 2020 (2019 – ($210) and $1,927), 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 twelve months ended April 30, 2020 and 2019 are as follows:

	April 30, 2020 $	April 30, 2019 $
Salaries and wages	1,530	1,220
Share-based compensation	711	1,927
General and administrative	172	-
Balance as at April 30, 2020	**2,413**	**3,147**

Contingencies

(a) The Company and its subsidiary, Abba, 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.

(b) A Statement of Claim was filed by a former landlord of a 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 has engaged external counsel and it has been determined that the matter should proceed by arbitration. The parties are currently in settlement discussions.

(c) The Company has claimed lost profits against a licensed 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 the Company.

(d) On October 24, 2019, Abba was served with a Statement of Claim for damages for the alleged wrongful dismissal of a former employee in the amount of $68 plus interest and costs. The claim was initiated in the Ontario Superior Court of Justice. On October 31, 2019, Abba filed and served a Notice of Intent to Defend on the Plaintiff. Abba filed a Statement of Defence to the former employee's Claim with the Court the week of December 2-6, 2019.

In the ordinary course of business and from time to time, the Company is involved in various other claims related to its ordinary course and conduct of its business. Although such matters cannot be predicted with certainty, management does not consider the Company's exposure to these claims to be material to these consolidated financial statements.

Commitments

As at April 30, 2020, the Company is committed under leases for equipment and office space for the following minimum annual rentals:

	$
2021	764
2022	660
2023	539
Thereafter	1,857
	3,820

Capital management

The Company 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, 2020, the Company had raised, net of issuance costs, approximately $32,112 (April 30, 2019 - $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 audited annual consolidated 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 and authorized for issuance in accordance with a resolution of the Company's Board of Directors on March 25, 2020.

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 audited annual consolidated statements of the Company for April 30, 2020 comprise the results of the Company and its wholly-owned subsidiaries Abba, 672800 NB Inc. doing as MFT, TLP and 690050 NB Inc. doing business as Knalysis and 2104071. In September 2018, 672800 NB Inc. began operating as CHC. MFT and CHC may be used interchangeably throughout these financial statements.

New standards, amendments and interpretations

The following new standards were adopted during the year ending April 30, 2020.

(i) IFRS 16

During the year ending April 30, 2020, the Company 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 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 – 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 January 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 u 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 as of May 1, 2019 consolidated statement of financial position for the adoption of IFRS 16 is as follows:

	As at April 30, 2019 $	**IFRS 16 Adjustments** $	**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	—	2,762	2,762

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	694
Opening IFRS 16 lease liability as at May 1, 2019	3,374

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 ROU 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 payments for such leases are recognized in the consolidated statements of income (loss) and comprehensive income (loss) on a straight-line basis over the lease term. The Company has elected not to recognize ROU 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 assets are 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, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any incentives received. They are subsequently measured at cost less accumulated depreciation and impairment losses. The ROU asset is depreciated over the shorter of the lease term or the useful life of the underlying asset. The ROU 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 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 ROU 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 income (loss) and comprehensive income (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. 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 April 30, 2020 and April 30, 2019, two customers represented 78% 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:

	April 30, 2020 $	**April 30, 2019 $**
Not past due	**503**	571
1 to 30 days past due	**262**	166
31 to 60 days past due	**27**	—
Over 61 days past due	**50**	39
	842	776

There was no impairment for credit loss recognized as at April 30, 2020 and April 30, 2019.

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. (See "Going Concern Uncertainty" on page 12).

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

	Carrying amount $	Total contractual cash flow $	Year 1 $	Year 2 $	Year 3 $	Year 4 $
Lease liability	3,208	3,820	764	660	539	1,857
Promissory notes	553	553	553	—	—	—
Trade and other payables	2,089	2,089	2,089	—	—	—
Convertible debentures	3,111	3,916	1,968	1,948	—	—
Borrowings	320	320	—	320	—	—
Due to related parties	73	73	73	—	—	—
	9,354	**10,771**	**5,447**	**2,928**	**539**	**1,857**

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, 2020 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, 2020.

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 twelve months ending April 30, 2020, 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 Consolidated Financial Statements for the year ended April 30, 2020.

a) Risk Factors Related to the Transaction

Acquisitions Generally

While the Company conducted substantial due diligence in connection with acquisitions generally, 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 acquisitions, including the recent acquisition of IsoCanMed Inc. in Quebec. 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 develop and retain business relationships with current customers, and difficulties with adoption or implementation of new business plans, standards, controls, processes and systems.

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

Contagious Disease and Covid-19 (Coronavirus)

The Company's business could be adversely affected by the effects of a widespread global outbreak of contagious disease, including the recent outbreak of Covid-19 (Coronavirus), which has caused a widespread health crisis that has affected economies and financial markets around the world resulting in an economic downtown. This Covid-19 outbreak may also cause staff shortages, reduced customer traffic and increased government regulation, all of which may negatively impact the business, financial condition and results of operations of the Company.

Cannabis Activities in the United States

The changing, uncertain, regulatory environment in the United States 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. In June 2020, the Company terminated the contract with its only US customer, located in Pennsylvania and does not conduct business in the United States at the present time.

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 has now secured its amended sales license from Health Canada, enabling the sale of its owns cannabis directly to patients and consumers.

Even though Abba has been successful in obtaining a License to Sell, such License will subject Abba 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 would be required to submit an application for renewal to Health Canada containing information prescribed under the ACMPR and renewal cannot be assured.

Initial licensing requirements for recreational cannabis under the new Cannabis Act (Canada) (the "**Cannabis Act**") and its supporting Regulations came into force on October 17, 2018, with additional Regulations (Cannabis 2.0) for edibles, oils and extracts in October 2019. The market for cannabis (including medical cannabis) in Canada is regulated by the Cannabis Act and 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 production at the Facility could have a material and adverse effect on the Company's business, financial condition and prospects. There is a risk that changes or developments could cause the Facility not to achieve its production targets 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 ongoing costs of the Facility 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 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 was incorporated and began carrying on business in 2013, it is yet to generate any significant 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, the insurance markets are not favorable to the cannabis industry, including Directors and Officers insurance. In addition, insurance may 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.

In May 2020, the Company announced the acquisition of IsoCanMed Inc., a Licensed Producer in Quebec. This acquisition is intended to provide product mainly for the Quebec market, but can now provide an alternative to production in Pickering.

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. Although the Company has Product Liability insurance, 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

The Federal Government has committed to the legalization of recreational cannabis in Canada, but regulatory changes are ongoing and the resulting impacts on 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.

As 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 33 states. Eleven states 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.

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 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, 2020 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.

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: 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 August 28, 2020. 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