MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2017

Date of Report: April 27, 2018

The following Management Discussion and Analysis ("MD&A") provides analysis of financial results of Matica Enterprises Inc. ("the Company") for the year ended December 31, 2017 with comparisons to 2016. This MD&A should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2017. Additional information relevant to the Company is available for review on SEDAR at www.sedar.com.

All financial results presented in this MD&A are expressed in Canadian dollars unless otherwise indicated.

Forward-Looking Information

Certain information included in this discussion may constitute forward-looking statements.

Forward-looking statements generally can be identified by the use of forward-looking terminology such as may, will, expect, intend, estimate, anticipate, believe, or continue (or the negatives thereof) or variations thereon or similar terminology. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management are inherently subject to significant business, economic and competitive uncertainties and contingencies. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. These factors include the inherent risks involved in the completion of a medical marijuana facility that is subject to third party approvals, the possibility of project cost overruns or unanticipated operating costs and expenses, uncertainties related to the necessity of financing, the availability of and costs of financing needed in the future, and other factors identified by the Company as risk factors. The Company disclaims any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise. The reader is cautioned not to place undue reliance on forward-looking statements.

DESCRIPTION OF BUSINESS

The Company was incorporated pursuant to the Business Corporation Act (British Columbia) in November 2007 under the name of Cadman Resources Inc. The Company was initially listed in July 2008 as a capital pool company ("CPC"), as defined in the policies of the TSX Venture Exchange (the "Exchange"). In December 2010, the listing of the Company's shares was transferred to the NEX Board. In July 2012, the Company began trading on the Canadian National Stock Exchange ("CNSX") under the symbol "CUZ" and voluntarily delisted from the NEX board.

In April 2014, the Company changed its name to Matica Graphite Inc. and began trading under the new symbol "GRF". In July 2014, the Company changed its name to Matica Enterprises Inc. In July 2014, the Company's shares were accepted for trading on the Frankfurt Stock Exchange.

In 2014, the Company completed a change of business with a primary focus in the medical marijuana industry. As a result of the change in business focus, trading of Matica shares was halted in August 2014 and resumed trading in November 2014 as "MMJ". The Company had retained an exploration property portfolio.

The Company has continued to acquire, evaluate and dispose of exploration properties and also to evaluate opportunities to invest in parties that are applicants under the Health Canada Access to Cannabis for Medical Purposes Regulation ("ACMPR").

HIGHLIGHTS OF COMPANY ACTIVITIES

Corporate Activities:

In April 2016, the Company filed a notice of change of auditor from Manning Elliott LLP of Vancouver to UHY McGovern Hurley LLP (formerly McGovern, Hurley, Cunningham, LLP) of Toronto.

In May 2016, the Ontario Securities Commission ("OSC") issued a temporary and then a permanent MCTO for failure to file the December 31, 2015 fiscal year filings. The MCTO was revoked and replaced by a cease trade order ("CTO") on August 3, 2016. The fiscal year filings were completed and the CTO was revoked on November 2, 2016.

In June 2016, Mr. Gurcharn Deol resigned from the board of directors of the Company.

Activities during the year ended December 31, 2017:

In 2017, the Company has received notices of commencement of dissolution for the three inactive numbered subsidiaries; 1022607 B.C. Ltd., 122608 B.C. Ltd., and 1024250 B.C. Ltd.

In March 2017, the Company signed a letter of intent ("LOI") with RoyalMax Biotechnologies Canada Inc. ("RoyalMax"), an applicant under the Access to Cannabis for Medical Purposes Regulation ("ACMPR") and the $50,000 due on signing the LOI was paid. In April 2017, the $135,000 due on signing of a definitive agreement was also paid. In June 2017, the Company issued 6,000,000 common shares (valued at $270,000 on the date of grant) upon receipt of all due diligence disclosure materials. Matica may earn a 65% interest for funding a minimum cumulative $2,200,000 for the build out of the facility. Matica may then receive an additional 5% interest for making a payment of $400,000 within 30 days of notification of licensing by Health Canada. A final payment of $400,000 will become due after twelve months of production at the facility.

On March 15, 2017, Mr. David Lee resigned as a director and was replaced by Mr. Gurcharn Deol rejoining the board.

In May 2017, the Company reached a third party settlement in regards to its legal action against THCD and other related parties. Matica received shares of the third party at a deemed value of $700,000 in two tranches of $350,000 each during the year ended December 31, 2017. The first tranche of 350,000 shares was accepted at a deemed value of $1.00 per share ($350,000) based on the price of a private placement occurring by the subject company at the time of the share issue. The second tranche of 175,000 shares was accepted at a deemed value of $2.00 per share ($350,000) also based on the price of a private placement occurring by the subject company at the time of the share issue. These 525,000 shares were valued at $2.00 per share as at December 31, 2017 ($1,050,000) based upon the price of the subject company's last private placement in December 2017. The shares are not yet listed or trading and the carrying value will be reviewed at each quarter ending reporting period. The value to be reported at March 31, 2018 will therefore be adjusted up to $3.00 per share ($1,575,000) being the price of a private placement reported in January 2018.

In July 2017, Mr. Denis Bouchard joined the Board of Directors and represents a Quebec based director for the Company's new focus in Dorval, QC.

In July 2017, the Company announced a letter of intent to aquire a 70% interest in a second Quebec application. The Company chose not to commence this second build out until our first facility received a Health Canada cultivation licence. In February 2018, an outside third party invoked their right of first refusal on this application and therefore Matica did not sign a definitive agreement on this application. Matica are owed $20,000 in costs related to the right of first refusal being invoked.

In September 2017, the Company announced a letter of intent to acquire an application in Southwestern Ontario. After completion of due diligence, draft definitive agreements were prepared including a lease for the premises and an option to purchase the property. In early 2018, the applicant was killed in an auto accident. The Company attempted unsuccessfully to complete the transaction through the estate and has now abandoned these efforts.

Activities subsequent to the year ended December 31, 2017:

In March 2018, the Company signed a definitive agreement with Yunify Natural Technologies (“Yunify”), a Quebec based health and personal care research and innovation technology company. Yunify will create proprietary cannabinoid-based topical products using its mineral and plant based suspension technologies. As per the terms of the agreement, the Company may acquire up to a 40% interest in Yunify. The Company has subscribed to a $2,000,000 convertible debenture bearing interest at 6% per annum and has advanced the first $600,000 under this debenture. The second $400,000 is due when a halt has been removed on their target company for listing. The final $1,000,000 is due when Yunfy has been approved for listing. The $2,000,000 plus accrued interest will be convertible into shares of Yunify, the listed company.

Exploration Activities:

Nevada, U.S.A.

In September 2014, the Company entered into a property option and royalty agreement to acquire a 100% interest in the Grumpy Lizard Project. This project was abandoned in 2014 and all associated costs were recorded as an impairment expense in 2015. In addition to these original claims, the Company staked additional claims to this project in 2015. The company incurred 2015 staking costs of $10,057 (US$8,298.20), 2015 exploration and evaluation expenses of $26,676, and 2016 renewal costs of $2,225 (US$1,550). The balance of exploration costs of $38,958 were recorded as an impairment at December 31, 2016.

In February 2016, the Company signed an agreement to acquire lithium claims in Clayton Valley, Nevada. The Company signed an agreement to acquire a 100% interest in the McGee Lithium Project claims located in south-eastern Clayton Valley. The payments required for a 100% interest were $23,244 (US$17,500) due at signing (paid) and a further US$30,000 due within 12 months of signing (the property was sold prior to the US$30,000 becoming due) and 8,500,000 common shares issued in February 2016 at a fair value of $255,000. These were issued 6,500,000 common shares to four companies and 2,000,000 common shares to two individuals jointly as spouses. There was a 3.75% NSR associated with the property.

In March 2016 the Company entered into a letter to intent with Cache Exploration Inc. to option the McGee Lithium Project in Nevada. In May 2016, the letter of intent was terminated by mutual consent.

In July 2016, the Company agreed to sell the two Clayton Valley lithium properties to Spearmint Resources Inc. (“Spearmint”) for 4,700,000 common shares of Spearmint (received at a value of $188,000). The Company continues to hold a 2% NSR on one of the two properties. Spearmint may purchase half of the 2% NSR for US$500,000.

In September 2017, the Company chose not to renew any of the Grumpy Lizard claims to focus solely on the medical marijuana projects.

Medical Marijuana Activities prior to 2017:

In October 2014, the Company entered into an investment agreement (the “THCD Agreement”) to acquire a 50% ownership interest in THCD. THCD was a private company incorporated under the laws of Nova Scotia. THCD was in the process of applying to become a licensed producer under the Health Canada marijuana for medical purposes regulation program (“MMPR”).

To obtain an initial 50% ownership interest, the Company had agreed to fund THCD by $325,000 (provided) and to issue 1,000,000 common shares (624,000 issued to one company and 376,000 issued to one individual as directed by THCD at a combined value of $130,000). Upon THCD becoming a licensed

producer, the Company would have been required to fund THCD for a further $1,175,000 ($240,000 of which was advanced in 2015) and delivering an additional 4,000,000 common shares to THCD nominees.

The Company provided THCD with an additional $240,000 in 2015 in anticipation of THCD becoming a licensed producer. The additional $240,000 paid to THCD was intended to be used for the purchase of HVAC equipment required in preparation for the pre-licensing inspection by Health Canada. These additional advances reduced the balance of the amount outstanding that the Company would have been required to fund upon THCD becoming a licensed producer.

In November 2015, the Company filed a notice of civil claim in the Vancouver registry of the supreme court of British Columbia naming THCD, Francis MacMaster, CEO of THCD, and other related parties as defendants in an attempt to recover funds and other damages suffered by the Company. The Agreement provided that, should a license not be granted by Health Canada by October 31, 2015, then the Agreement would terminate and Matica would return its 50% shareholding in THCD. The Company contends that Mr. Francis MacMaster, the CEO of THCD, failed to complete the facility and created conditions under which the October 31, 2015 deadline could not be met. The civil claim was resolved in 2017.

OUTLOOK

Matica has completed the required build out of a 10,000 square foot medical marijuana growing facility in Dorval, Quebec. The Company raised over $2.5 million to complete the build out in July 2017 and hopes to be a revenue generating medical marijuana company in late 2018. The Company is actively working with Royalmax to address any issues as they are presented by Health Canada.

The Company has located a 181 acre agricultural property near Hemmingford, Quebec. The Company will be financing the purchase of the property through a private Quebec corporation and Matica will hold the mortgage secured by the property. The property will be leased to Matica on a long term renewable basis.

The Company is currently seeking quotes to build a 200,000 square foot greenhouse as phase 1 of a planned 1,000,000 square foot greenhouse project on the Hemmingford property.

The marijuana market is evolving rapidly with the anticipation of the legalization of recreational marijuana announced to take place in 2018. The estimated base retail market value of recreational marijuana is projected to be in the billions. The Company continues to evaluate projects in the medical marijuana sector, including, but not limited to, the agricultural, medical, technological, and property development sectors of the industry.

OVERALL PERFORMANCE

As at December 31, 2017, the Company had cash and other current assets totalling $4,901,492 (December 31, 2016 - $177,782) and working capital of $4,672,392 (December 31, 2016 – deficiency of $121,587). For the year ended December 31, 2017, the Company incurred $5,023,359 (2016 - $739,299) in general and administrative expenses.

Selected Annual Information

The following table shows the financial results derived from the Company's financial statements for the years December 31, 2017, 2016, and 2015:

	2017	2016	2015
	$	$	$
Total Revenues	-	-	-
Net Profit (Loss)	(3,902,918)	(994,872)	(3,196,059)
Basic and diluted loss per share	(0.02)	(0.01)	(0.04)
Total Assets	8,706,556	177,782	183,287
Total Long Term Liabilities	-	-	-

In 2017, the Company incurred a net loss of $3,902,918 compared to a net loss of $994,872 for the previous year. Total general and administrative expenses increased by $4,284,060 due to an increase of $4,294,000 in share-based compensation expense.

Other items include a write-off of exploration assets in 2016 of $125,618 and an unrealized loss of $94,000 in marketable securities in relation to the 4,700,000 common shares of Spearmint Resources Inc. received from the sale of the Clayton Valley properties. These shares were sold for a realized gain of $27,600 in 2017.

The Company also received shares valued at $1,050,000 at December 31, 2017 in relation to the THCD settlement with a third party. The Company recognized a gain on settlement of $700,000 (the deemed value of the shares at the time of receipt) and an unrealized gain on investments of $350,000.

Total assets increased significantly in 2017 as the Company closed a private placement for gross proceeds of $2,523,300. An additional $5,031,225 was received from the exercise of options and warrants during the year.

FINANCIAL RESULTS

Summary of Quarterly Results

The following table sets out selected unaudited quarterly financial information of the Company.

Quarterly Information	Revenue	Net Income (Loss)	Basic and diluted income (loss) per common share
	$	$	$
December 31, 2017	-	(2,430,889)	(0.01)
September 30, 2017	-	(1,134,398)	(0.01)
June 30, 2017	-	(87,852)	(0.00)
March 31, 2017	-	(249,779)	(0.00)
December 31, 2016	-	(304,005)	(0.00)
September 30, 2016	-	(283,574)	(0.00)
June 30, 2016	-	(191,091)	(0.00)
March 31, 2016	-	(216,202)	(0.00)

Comparison of operating results

Quarterly Information

	Three Months Ended December 31,	
	2017	**2016**
General and administrative expenses	**$**	$
Management and director's fees	**39,000**	45,000
Office and miscellaneous	**6,141**	3,605
Professional fees	**28,278**	35,763
Rent	**10,709**	12,925
Share-based compensation	**3,365,800**	112,000
Transfer agent and filing fees	**9,225**	12,480
Travel, marketing and promotion	**63,486**	10,619
Total general and administrative expenses	**3,522,639**	232,392

Comparison of results for the three months ended December 31, 2017 and 2016:

The Company's general and administrative expenses increased by $3,290,247 in 2017. This is mainly due to an increase of $3,253,800 in share-based compensation expense. The Company granted 17,750,000 (2016 - 8,900,000) options during the three months ended December 31, 2017.

Travel, marketing and promotion costs also increased by $52,867 during the period as management travelled to and from Quebec in relation to the RoyalMax transaction.

Professional fees in 2016 were higher due to legal fees in relation to the termination of the THCD Agreement. Other expenses remained relatively unchanged between the periods.

Annual Information

	Year Ended December 31,	
	2017	**2016**
General and administrative expenses	**$**	$
Management and director's fees	**148,500**	147,000
Office and miscellaneous	**26,098**	25,087
Professional fees	**61,938**	107,131
Rent	**43,753**	53,431
Share-based compensation	**4,632,300**	338,300
Transfer agent and filing fees	**32,342**	22,450
Travel, marketing and promotion	**78,428**	45,900
Total general and administrative expenses	**5,023,359**	739,299

Comparison of results for the year ended December 31, 2017 and 2016:

Total general and administrative expenses increased to $5,023,359 in 2017 compared to $739,299 in 2016. This is due to an increase of $4,294,000 in share-based compensation expense. During the year ended December 31, 2017, the Company granted 47,050,000 (2016 - 25,100,000) options. These options were valued using the Black-Scholes Model and the values per option was higher in 2017 than 2016 as the Company's share price increased significantly in 2017.

Legal fees were also higher in 2016 as a result of the termination of the THCD agreement.

Travel, marketing and administrative expenses increased as marketing efforts were made during the $2.2 million financing during the year and also increased travel costs related to the RoyalMax transaction.

Liquidity and Capital Resources

As of December 31, 2017, the Company reported cash of $3,813,666 (December 31, 2016 - $47,154) and a working capital of $4,672,392 (December 31, 2016 - deficiency of $121,587).

Given the nature of the Company's operations, which consists of investing in applicants for medical marijuana licences and the exploration and evaluation of mineral properties, the most relevant financial information relates primarily to current liquidity, solvency, and planned expenditures. The Company's financial success is dependent upon the extent to which it can complete the facility build out to obtain a medical marijuana license and/or discover mineralization on the exploration properties. Such development may take years to complete and the amount of resulting income, if any, is difficult to determine.

LATEST OUTSTANDING SHARE DATA

The following is the latest share data as of April 27, 2018.

Common shares at December 31, 2017	264,847,191
Issued for cash subsequent to December 31, 2017	1,620,000
Issued for stock options exercised subsequent to December 31, 2017	6,750,000
Issued for warrants exercised subsequent to December 31, 2017	19,535,667
Issued for settlement of debt subsequent to December 31, 2017	207,143
Common shares issued at April 27, 2018	292,960,001
Stock options at December 31, 2017	18,250,000
Plus stock options granted subsequent to December 31, 2017	14,250,000
Less stock options exercised subsequent to December 31, 2017	(6,750,000)
Less stock options cancelled subsequent to December 31, 2017	(2,000,000)
Stock options outstanding at April 27, 2018	23,750,000
Warrants at December 31, 2017	45,128,735
Plus warrants issued subsequent to December 31, 2017	1,620,000
Less warrants exercised subsequent to December 31, 2017	(19,535,667)
Less warrants expired subsequent to December 31, 2017	(74,000)
Warrants outstanding at April 27, 2018	27,139,068
Fully diluted at December 31, 2017	328,225,926
Fully diluted at April 27, 2018	343,849,069

OFF BALANCE SHEET TRANSACTIONS

The Corporation has not entered into any off balance sheet agreements.

RELATED PARTY TRANSACTIONS

The following is a summary of transactions with directors and/or officers, and companies controlled by them:

Year ended December 31,	**2017**	2016
	$	$
Director fees – Mr. Deol (2016 – paid to a company controlled by Mr. Deol)	**4,500**	9,000
Directors fees – Mr. Bouchard	**3,000**	-
Management fees – Mr. Ziger, CEO	**96,000**	96,000
Management fees – Mr. Brown, interim CFO	**45,000**	42,000
Share-based compensation – Mr. Ziger, Director and CEO	**916,456**	35,408
Share-based compensation – Mr. Deol, Director	**417,991**	3,331
Share-based compensation – Mr. Bouchard, Director	**403,463**	-
Share-based compensation – Mr. Brown, Director and interim CFO	**894,473**	56,260
Share-based compensation – Mr. Lee, former Director	**-**	13,757
Total key management compensation	**2,780,883**	255,756

Due from related parties	**2017**	2016
	$	$
Expense advance – Mr. Ziger, Director and CEO	**2,000**	2,000
Expense advance – Mr. Brown, Director and interim CFO	**2,000**	2,000

Due to related parties	**2017**	2016
	$	$
Incurred expenses – Mr. Ziger, Director and CEO	**9,232**	8,125
Incurred expenses – Mr. Brown, Director and interim CFO	**4,487**	11,931

The following are related party details for shares issued for debt in 2017:

	Shares	Average Unit Price	Fair Value
	#	$	$
Management fees – Mr. Ziger, Director and CEO	4,571,429	0.0210	96,000
Management fees – Mr. Brown, interim CFO	2,085,714	0.0216	45,000
Director fees – Mr. Charn Deol, Director	85,714	0.0350	3,000
	6,742,857		144,000

The following are related party details for shares issued for debt in 2016:

	Shares	Average Unit Price	Fair Value
	#	$	$
Management fees – Mr. Ziger, Director and CEO	6,400,000	0.015	96,000
Management fees – Mr. Brown, interim CFO	2,800,000	0.015	42,000
Director fees – Mr. Charn Deol, Director	333,333	0.015	5,000
	9,533,333		143,000

Due to related parties include payables to directors and/or officers in the amount of $13,719 (2016 - $20,056). These amounts are unsecured and non-interest bearing.

During the year ended December 31, 2017, the Company issued 6,742,857 common shares valued at $144,000 to three directors and/or officers in lieu of their 2017 compensation.

TRANSACTIONS RELATED TO SHARE ISSUES AND POTENTIAL SHARE ISSUES

In January 2016, the Company extended the expiry date of 7,270,000 warrants exercisable at $0.07 from January 8, 2016 to January 8, 2017.

In February 2016, the Company granted 3,400,000 stock options to four directors and/or officers and 2,100,000 stock options to three consultants and one consulting firm resulting in a share-based compensation expense of $91,600. The options are exercisable at a price of $0.02 per share for a period of five years expiring in February 2021. The options vested immediately on the date of grant. Of these, the 1,500,000 options granted to Mr. Ziger, a Director and CEO, and the 1,500,000 options granted to Mr. Brown, a Director and interim CFO, were cancelled.

For the year ended December 31, 2016, the Company issued 22,896,667 common shares at a fair value of $347,200 to eight individuals and three companies as settlement of debt. These included 1,000,000 common shares that were held in treasury and subsequently cancelled and re-issued.

In June 2016, the Company cancelled 1,000,000 common shares and 1,000,000 warrants issued to the CEO, Mr. Boris Ziger, in 2015 as debt settlement of $80,000. Mr. Ziger elected to forgo his $92,000 of 2015 salary compensation in light of the failure of THCD to complete the facilities and obtain a Health Canada licence by October 31, 2015.

The Company also cancelled and replaced 1,000,000 common shares issued to the former accountant as partial debt settlement.

For the year ended December 31, 2016, the Company issued 11,500,000 common shares for stock options with cash proceeds of $157,500.

In April 2016, the Company granted 3,700,000 stock options to five consultants and one consulting firm. The options are exercisable at a price of $0.02 per share for a period of five years expiring in April 2021. The options vested immediately on the date of grant.

In May 2016, the Company granted 1,000,000 stock options to a consulting firm. The options are exercisable at a price of $0.015 per share for a period of five years expiring in May 2021. The options vested immediately on the date of grant.

In June 2016, the Company granted 3,000,000 stock options to a consulting firm. The options are exercisable at a price of $0.01 per share. Of these options, 1,000,000 expire after one year in June 2017 and 2,000,000 expire after five years in June 2021. The options vested immediately on the date of grant.

In July 2016, the Company granted 3,000,000 stock options to two consulting firms. The options are exercisable at a price of $0.01 per share for a period of one year expiring on July 2017. The options vested immediately on the date of grant.

In October 2016, the Company received a loan of $30,000 bearing interest at 2% per month (or any part month) with a maturity date of January 31, 2017. The loan was secured by the 4,700,000 common shares of Spearmint received from the sale of the two lithium properties in July 2016. The loan balance at December 31, 2016 was $10,000 which was paid in full with interest at January 31, 2017.

In November 2016, the Company granted 3,200,000 stock options to three consultants at an exercise price of $0.015 per share for a period of nine months expiring in August 2017 and vesting on the date of grant.

In November 2016, the Company granted 2,700,000 stock options to three directors and/or officers and one consultant at an exercise price of $0.025 per share for a period of five years expiring in November 2021 and vesting on the date of grant.

In November 2016, the Company granted 3,000,000 stock options to a consulting firm at an exercise price of $0.025 per share for a period of six months expiring in May 2017 and vesting on the date of grant.

In January 2017, the Company issued 4,600,000 common shares to two directors and officers in lieu of a portion of their 2017 compensation. The Company also issued 200,000 common shares to a service provider as settlement of $5,691 of debt.

In February 2017, the Company granted 6,000,000 stock options to thee consulting firms. The options are exercisable at a price of $0.03 per share for a period of six months expiring in August 2017. The options vested immediately on the date of grant.

In March 2017, the Company granted 4,500,000 stock options to three consultants. The options are exercisable at a price of $0.045 per share for a period of six months expiring in September 2017. The options vested immediately on the date of grant.

In March 2017, the Company granted 1,800,000 stock options to two directors and two consultants. The options are exercisable at a price of $0.045 per share for a period of two years expiring in March 2019. The options vested immediately on the date of grant.

In March 2017, the Company granted 500,000 stock options to a consultant. The options are exercisable at a price of $0.045 per share for a period of 2.5 years expiring in September 2019. The options vested immediately on the date of grant.

In May 2017, the Company issued 2,142,857 common shares to three directors and/or officers in lieu of their remaining $75,000 of 2017 compensation. The Company also issued 857,143 common shares to a service provider valued at $30,000.

In July 2017, the Company closed a private placement of 50,466,000 units at $0.05 for gross proceeds of $2,523,300. Each unit consists of one common share and one share purchase warrant exercisable at $0.10 for 18 months following the closing date. The Company issued 1,356,960 broker share purchase warrants exercisable at $0.05 for 18 months from the closing date and paid $134,864 in finders' fees.

In July 2017, the Company granted 14,500,000 stock options exercisable at $0.11 of which 4,500,000 have an expiry of January 2018 and 10,000,000 have an expiry of July 2019. The options vested immediately on the date of grant.

In August 2017, the Company granted 2,000,000 stock options to a consultant. The options are exercisable at a price of $0.10 per share for a period of six months expiring in February 2018. The options vested immediately on the date of grant.

In November 2017, the Company granted 2,000,000 stock options to a consultant. The options are exercisable at a price of $0.095 per share for a period of five months expiring in April 2018. The options vested immediately on the date of grant.

In November 2017, the Company granted 4,500,000 stock options to three consultants. The options are exercisable at a price of $0.16 per share for a period of five months expiring in April 2018. The options vested immediately on the date of grant.

In November 2017, the Company granted 250,000 stock options to a consultant. The options are exercisable at a price of $0.16 per share for a period three years expiring in November 2020. The options vested immediately on the date of grant.

In December 2017, the Company granted 4,000,000 stock options to two consultants. The options are exercisable at a price of $0.42 per share for a period of six months expiring in June 2018. The options vested immediately on the date of grant.

In December 2017, the Company granted 7,000,000 stock options to four directors and one consultant. The options are exercisable at a price of $0.42 per share for a period of three years expiring in December 2020. The options vested immediately on the date of grant.

For the year ended December 31, 2017, 21,439,500 common shares were issued on exercise of warrants for cash proceeds of $2,375,725.

For the year ended December 31, 2017, 39,900,000 common shares were issued on exercise of stock options for cash proceeds of $2,655,500.

CRITICAL ACCOUNTING ESTIMATES

The preparation of these financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the periods reported. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Significant areas requiring the use of management judgement and estimates include the determination of impairment of exploration and evaluation assets and financial instruments, decommissioning liabilities, deferred income tax assets and liabilities, assumptions used in valuing options in share-based payment calculations, indemnification provision for flow-through shares and interest and penalties of flow-through shares, and determination of control in investment in associates. Actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Under IFRS, the Company defers all costs relating to the acquisition and exploration of its mineral properties ("exploration and evaluation" assets). Any revenues received from such properties are credited against the costs of the property. When commercial production commences on any of the Company's properties, any previously capitalized costs would be charged to operations using a unit-of-production method. The Company reviews events or changes in circumstances that may indicate that the carrying values of its properties need to be reassessed for recoverability. When the carrying value of a property exceeds the estimated net recoverable amount, provision is made for impairment in value. IFRS also allows the reversal of impairments if conditions that gave rise to those impairments no longer exist.

The existence of uncertainties during the exploration stage and the lack of definitive empirical evidence with respect to the feasibility of successful commercial development of any exploration property do create measurement uncertainty concerning the estimate of the amount of impairment to the value of any mineral property. The Company relies on its own or independent estimates of further geological prospects of a particular property and also considers the likely proceeds from a sale or assignment of the rights before determining whether or not impairment in value has occurred.

Under IFRS 2 - Share-based Payments, stock options are accounted for by the fair value method of accounting. Under this method, the Company is required to recognize a charge to the statement of loss based on an option-pricing model based on certain assumptions including dividends to be paid, historical volatility of the Company's share price, an annual risk free interest rate, forfeiter rates, and expected lives of the options.

ADOPTION OF NEW PRONOUNCEMENTS

During the year ended December 31, 2017, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements of existing standards. These included IAS 7, IAS 12 and IAS 28. These new standards and changes did not have any material impact on the Company's consolidated financial statements.

NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for future accounting periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

The following standards will be effective for annual periods beginning on or after January 1, 2018:

IFRS 9 *Financial Instruments* - IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: Amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at the fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, others gains and losses (including impairments) associated with such instruments remain in accumulated other comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, *Financial Instruments – Recognition and Measurement*, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

IFRS 9 is effective for annual periods beginning on or after January 2018.

IFRS 10 ***Consolidated Financial Statements ("IFRS 10")*** **and IAS 28** ***Investments in Associates and Joint Ventures*** **("IAS 28")** - IFRS 10 and IAS 28 were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted.

IFRS 16 - Leases ("IFRS 16") was issued in January 2016 and replaces IAS 17 - Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted if IFRS 15 has also been applied.

IFRIC 23 – Uncertainty Over Income Tax Treatments ("IFRIC 23") was issued in June 2017 and clarifies the accounting for uncertainties in income taxes. The interpretation committee concluded that an entity shall consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, then the entity shall determine taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted.

The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its consolidated financial statements or whether to early adopt any of the new requirements.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Classification

Financial instruments are classified into one of five categories: fair value through profit or loss ("FVTPL"), held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments are measured at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and accounting for changes in the values of these investments will depend on their initial classification as follows: FVTPL financial assets are measured at fair value with changes in fair value recognized in operations. Available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the change in value is realized or the instrument is derecognized or permanently impaired.

The Company has classified its cash and cash equivalents and marketable securities as FVTPL. Accounts payable and accrued liabilities, note payable and due to related parties are classified as other financial liabilities.

The following table summarizes the carrying values of the Company's financial instruments:

	2017	2016
	$	$
FVTPL (i)	**3,813,666**	141,154
Other financial liabilities (ii)	**78,948**	154,217

(i) Cash and cash equivalents, and marketable securities
(ii) Accounts payable and accrued liabilities, note payable, and due to related parties

Fair value
As at December 31, 2017, the Company's financial instruments consist of cash and cash equivalents, accounts payable and due to related parties. The fair values of these financial instruments approximate their carrying values because of their current nature.

IFRS 7 "Financial Instruments – Disclosures", requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. IFRS 7 establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. IFRS 7 prioritizes the inputs into three levels that may be used to measure fair value:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities.
Level 2 – Inputs that are observable, either directly or indirectly, but do not qualify as Level 1 inputs (i.e. quoted prices for similar assets or liabilities).
Level 3 – Prices or valuation techniques that are not based on observable market data and require inputs that are both significant to the fair value measurement and unobservable.

The Company's financial instruments measured at fair value on a recurring basis are as follows:

At December 31, 2017:

	Level 1	Level 2	Level 3	Total
	$	**$**	**$**	**$**
Cash and cash equivalents	**3,813,666**	**-**	**-**	**3,813,666**
Marketable securities	**-**	**-**	**1,050,000**	**1,050,000**

At December 31, 2016:

	Level 1	Level 2	Level 3	Total
	$	$	$	$
Cash and cash equivalents	47,154	-	-	47,154
Marketable securities	-	-	94,000	94,000

Financial instruments classified as Level 3 are measured at fair value utilizing non-observable market inputs. The net realized gains (losses) and net change in unrealized gains (losses) are recognized in the consolidated statements of loss.

Within Level 3, the Company included private company investments which are not quoted on a recognized securities exchange. The key assumptions used in the valuation of these instruments include, but are not limited to, the value at which a recent financing was done by the investee, company-specific information, trends in general market conditions and the share performance of comparable publicly-traded companies.

The following table presents the fair value, categorized by key valuation techniques and the unobservable inputs used within Level 3 of the fair value hierarchy:

		December 31, 2017
Recent financings	$	1,050,000

For those investments valued based on recent financings, management has determined that there are no reasonably possible alternative assumptions that would change the fair value significantly as at December 31, 2017. A 10% change in the fair value of these investments would result in a corresponding +/- $105,000 change to the fair value of the investments.

The sensitivity analysis is intended to reflect the uncertainty inherent in the valuation of these investments under current market conditions, and its results cannot be extrapolated due to non-linear effects that changes in valuation assumptions may have on the fair value of these investments. Furthermore, the analysis does not indicate a probability of such changes occurring and it does not necessarily represent the Company's view of expected future changes in the fair value of these investments.

Credit risk
Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk on cash the Company places the instrument with a financial institution.

Liquidity risk
The Company ensures its holding of cash is sufficient to meet its short-term general and administrative expenditures. All of the Company's financial liabilities have contractual maturities of 30 days or less or are due on demand and are subject to normal trade terms. The Company does not have investments in any asset backed Commercial Paper or similar instruments.

Foreign exchange risk
The Company has limited foreign exchange risk as the majority of its transactions are in Canadian dollars. Foreign currency transactions are recorded in Canadian dollars based upon the exchange rates as at the time of the transaction.

Interest rate risk
The Company manages its interest rate risk by obtaining the best commercial deposit interest rates available in the market by the major Canadian financial institutions.

RISK AND UNCERTAINTIES

The development of medical marijuana facilities involves many risks, many of which are outside the Company's control. In addition to the normal and usual risks of project development, the Company may work in remote locations that lack the benefit of infrastructure or easy access.

The economics of developing marijuana facilities are affected by many factors including the cost of operations, variations of the quality of products grown, fluctuations in the price of the products produced, costs of processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting.

Foreign countries, laws and regulations

The Company has an incorporated subsidiary in Nevada, USA, and is therefore exposed to the laws governing the mining industry in the State of Nevada and the USA.

Commodity prices

The profitability of the Company's royalty interest, if established, will be dependent upon the market price of mineral commodities. Mineral prices fluctuate widely and are affected by numerous factors beyond the control of the Company. The level of interest rates, the rate of inflation, world supply of mineral commodities, consumption patterns, forward sales by producers, production, industrial and jewelry demand, speculative activities and stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political development. The prices of mineral commodities have fluctuated widely in recent years. Current and future price declines could cause commercial production of the Company's royalty interest to become impractical.

The price of lithium may have an influence on the perceived value of the Company's royalty interests.

CONTINGENCIES

On December 22, 2012, the Company closed a non-brokered private placement of 2,003,333 flow-through units at a price of $0.06 per unit for gross proceeds of $120,200. The Company was committed to incur on or before December 31, 2013 a total of $43,200 of qualifying Canadian Exploration Expenses (“CEE”) as described in the Income Tax Act of Canada. As at December 31, 2017, the Company had unfulfilled CEE obligations of $42,770 (2016 - $42,770). As the Company did not fulfill the expenditure obligation, the Company has accrued $31,947 as at December 31, 2017 (2016 - $26,947) related to Part XII.6 tax and related penalties and interests on the unfulfilled commitments. Furthermore, the Company may also have to indemnify shareholders for taxes and related amounts in respect of the unspent portion of the commitment. As at December 31, 2017, an estimated amount accrued relating to the indemnification on the unfulfilled commitments totalled $85,277 (2016 - $85,277). The outcome of the amount of actual claims and penalties, if any, is contingent on assessments by the Canada Revenue Agency and any subsequent claims by subscribers against the Company.

The Company may become party to legal proceedings and other claims in the ordinary course of its operations. Litigation and other claims are subject to many uncertainties and the outcome of individual matters is not predictable. Where management can estimate that there is a loss probable, a provision is recorded in the consolidated financial statements. Where proceedings are at a premature stage or the ultimate outcome is not determinable, then no provision is recorded. It is possible that the final resolution of any such matters may require the Company to make expenditures over an extended period of time and in a range of amounts that cannot be reasonably estimated and may differ significantly from any amounts recorded in these consolidated financial statements. Should the Company be unsuccessful in its defense or settlement of one or more of legal actions or other claims, there could be a materially adverse effect on the Company’s financial position, future expectations, and cash flows.

COMMITMENTS

The Company entered into a rental agreement for its office space in Toronto for the period from November 1, 2014 to January 31, 2020. The annual rental commitment is $61,558 for each of 2018, and 2019, and $5,130 for 2020.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company’s Chief Financial Officer and Chief Executive Officer (the "Certifying Officers”) are responsible for establishing and maintaining disclosure controls and procedures (“the Procedures”) which provide reasonable assurance that information required to be disclosed by the Company under provincial or territorial securities legislation (the “Required Filings”) is reported within the time periods specified. Without limitation, the Procedures are designed to ensure that material information relating to the Company is accumulated and communicated to management, including its Certifying Officers, as appropriate to allow for timely decisions regarding the Required Filings.

The Company's Certifying Officers are also responsible for establishing and maintaining internal controls over financial reporting ("Internal Controls") and have designed such Internal Controls, or caused it to be designed under their supervision, which provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

There are inherent weaknesses in the Internal Controls due to the small size of the Company and its inability to segregate incompatible functions. The Company does not have sufficient size and scale to warrant the hiring of additional staff to correct the weakness at this time.

The Certifying Officers evaluate the Company's internal controls on a regular basis and have certified that there was no change in the Company's internal controls during the year ended December 31, 2017 that materially affected, or is reasonably likely to materially affect, the Company's internal controls.

APPROVAL

The Board of Directors of Matica Enterprises Inc. has approved the disclosure contained in this MD&A on April 27, 2018. A copy of this MD&A will be provided to anyone who requests it and can be obtained, along with additional information, under the Company profile on the SEDAR website at www.sedar.com.