

BENCHMARK BOTANICS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the three months ended March 31, 2019

Benchmark Botanics Inc.

Management's Discussion & Analysis
For the three ended March 31, 2019

MANAGEMENT DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") of the company provides a discussion and analysis of the financial condition and results of operations to enable a reader to assess material changes in the financial condition and results of operations as at and for the three months ended March 31, 2019 and 2018. The MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements and notes thereto ("Financial Statements") of Benchmark as at and for the three months ended March 31, 2019 and 2018, and the audited consolidated financial statements and the notes thereto for the years ended December 31, 2018 and 2017.

The accompanying Financial Statements include the accounts of the Company and its wholly owned subsidiary Potanicals located in Peachland, BC. All inter-company balances and transactions have been eliminated on consolidation.

The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All amounts included in this MD&A are in Canadian dollars, except where otherwise specified and per unit basis.

The Company operates at the following locations:

Head office and corporate: 105-6111 London Road, Richmond BC V7E 3S3

Registered office: Suite 2600-595 Burrard Street, Vancouver, British Columbia V7X 1L3, Canada

Production facility: 4715 Paradise Valley Dr, Peachland BC V0H 1X3

This MD&A has been prepared as of May 24, 2019.

Non-IFRS Measures

This MD&A refers to certain non-IFRS measures. These measures are not recognized under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as a supplement to those IFRS measures to provide additional information regarding the Company's results of operations from management's perspective. Accordingly, non-IFRS measures should not be considered a substitute for, or superior to, the financial information prepared and presented in accordance with IFRS. All non-IFRS measures presented in this MD&A are reconciled to their closest reported IFRS measure.

Adjusted EBITDA

Adjusted earnings before interest, tax, depreciation and amortization ("**Adjusted EBITDA**") is used by management as a supplemental measure to review and assess operating performance and trends on a comparable basis. Adjusted EBITDA is defined as net income or loss, excluding interest expense, income tax expense or recovery, depreciation and amortization, share-based payments, unrealized change in the fair value of biological assets, write-off of deposit, write-off of inventory and listing expenses.

Benchmark Botanics Inc.

Management's Discussion & Analysis

For the three ended March 31, 2019

The Company believes that Adjusted EBITDA provides a useful tool for assessing the comparability between periods of its ability to generate cash from operations. See "*Results of Operations – Adjusted EBITDA Reconciliation (Non-IFRS Measure)*" for a reconciliation of Adjusted EBITDA to its closest reported IFRS measure.

LEGAL NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This MD&A may contain "forward-looking information" within the meaning of Canadian securities legislation ("forward-looking statements"). These forward-looking statements are made as of the date of this MD&A and Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required under applicable securities legislation. Forward-looking statements relate to future events or future performance and reflect Company management's expectations or beliefs regarding future events and include, but are not limited to, the Company and its operations, its projections or estimates about its future business operations, its planned expansion activities, the adequacy of its financial resources, future economic performance. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. In this document, certain forward-looking statements are identified by words including "may", "future", "expected", "intends" and "estimates". By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, but are not limited to, the factors discussed in the section "Risk Factors" as well as those factors detailed from time to time in the Company's interim and annual financial statements and management's discussion and analysis of those statements, all of which are filed and available for review under the Company's profile on SEDAR at www.sedar.com and CSE website at www.thecse.ca. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. The Company provides no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.

Accordingly, readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made. Readers are advised to consider such forward-looking statements considering the risks set forth in the Risks section of this MD&A. The Company does not undertake to update any forward-looking statements that are incorporated by reference herein, except in accordance with applicable securities laws.

Benchmark Botanics Inc.

Management's Discussion & Analysis
For the three ended March 31, 2019

BUSINESS OVERVIEW

Benchmark Botanics Inc. (the "Company" or "Benchmark") was incorporated under the Business Corporation Act of Alberta on November 23, 2009. On November 2, 2017, the Company acquired Potanicals Green Growers Inc. ("Potanicals") through a reverse acquisition transaction. The historical operations, assets and liabilities of Potanicals are included as the comparative figures as at and for the year ended December 31, 2017, which is deemed to be the continuing entity for financial reporting purposes. Potanicals was incorporated on February 7, 2014 under the British Columbia Business Corporation Act.

Potanicals, a wholly-owned subsidiary of the Company, is a British Columbia company and a licensed producer of medical marijuana under the *Cannabis Act* (Canada) and its relevant regulations (the "**Cannabis Act**"), which came into force on October 17, 2018. Potanicals has a production facility in Peachland, British Columbia. The facility is located at 4715 Paradise Valley Dr, Peachland BC V0H 1X3. The facility is situated on two contiguous land plots that total 20 acres. The land which houses the Facility has been zoned for the production and distribution of large-scale medical marijuana.

Benchmark through Potanicals, cultivates and produces pharmaceutical grade medical and recreational cannabis, it has multi licenses under the Cannabis Act and its regulations (formerly the Access to Cannabis for Medical Purposes Regulations (the "ACMPR")). The Company carries out its principal activities of cultivating and harvesting cannabis from its first facility in Peachland, BC., a 12,700 square foot indoor Peachland Cannabis Complex. The Company utilizes advanced cultivation methods and has established significant partnerships in the cannabis industry within Canada and overseas.

On August 30, 2018, the Company entered into an Earn-in and Shareholders' Agreement to acquire and develop a four-acre greenhouse facility (the "The Pitt Meadows Greenhouse Operations") into a licensed medical cannabis cultivation operation. The Pitt Meadows Greenhouse Operations will be Benchmark's primary cultivation facility when completed. Located on a 5-acre property, the Pitt Meadows Greenhouse Operations will have a total of 174,240 sq. ft.

The Company prides itself on growing only the highest quality cannabis that meets and exceeds the requirements of the most stringent regulatory environments in the world. Benchmark vigorously follows industry best practices for cultivating, harvesting, curing, trimming and packaging. It uses only the highest quality seeds, nutrients and the state-of-the-art growing techniques in all production processes.

Benchmark's common shares are listed on the Canadian Securities Exchange ("CSE") under the symbol "BBT".

Benchmark Botanics Inc.

Management's Discussion & Analysis
For the three ended March 31, 2019

STRATEGY

Benchmark is positioned to provide partnership opportunities and acquisition offers to licensed producers and ancillary businesses within the global cannabis industry. The Company's current focus is to accelerate its business growth and expansion plans including entering joint ventures, acquiring of greenhouses, developing exclusive partnerships with North American cannabis companies, setting up GMP standard practices, creating alliances throughout the cannabis space with doctors, scientists, pharmacies, retail, etc., and pursuing import and export contracts under the *Cannabis Act* (Canada) and its relevant regulations (the "**Cannabis Act**").

RECENT DEVELOPMENTS AND SUBSEQUENT EVENTS

Developments occurring during the three months ended March 31, 2019:

- **Strengthening the management team:**

Appointed Hon. James Moore as a Director.

James Moore is a Senior Business Advisor at the multinational law firm Dentons and a Public Policy Advisor at the global firm Edelman. He also serves as Chancellor of the University of Northern British Columbia, is the national vice-chair of the Canadian Cancer Society, a member of the NAFTA Council for the Government of Canada and a corporate director. Previously he served as Canada's Minister of Industry, Minister of Canadian Heritage & Official Languages and Secretary of State for the Asia Pacific Gateway and Minister for the 2010 Olympics over a 15-year career as a Member of Parliament.

Appointed of Mr. Hua Zhang PhD as Vice President of Production.

Mr. Zhang has a long and extensive history of agricultural growing and production experience. Most recently he was Head Grower and Director of Production for Hortalizas Argaman in Jalisco Mexico where he oversaw the 135-acre farm including cucumber and tomato greenhouse production. Prior to Hortalizas Agraman, Mr. Zhang worked in Canada for 18 years which included being the Head Grower for Amoco Farms and Enns Plant Farms. He managed year-round production planning, climate and irrigation controls, labour budgeting, developing and implementing IPM strategy, personnel training and development. In 1997, he graduated with a PhD in Horticulture from Kansas State University.

- **Supplier Agreements and Partnerships**

- On April 11, 2019, Potanicals, a wholly owned subsidiary of Benchmark, entered into a supplier and purchase agreement with another LP.

To meet the increasing demand for future supply and sales of Benchmark's cannabis products, the Company is on track with its expansion plans into its large-scale operations from its combined Pitt Meadows Greenhouses Operations and Peachland facility.

Benchmark Botanics Inc.

Management's Discussion & Analysis
For the three ended March 31, 2019

- Benchmark is working on negotiations for additional sales and supply agreements with other interested parties.
- The Company has been registered as a cannabis supplier for Saskatchewan.

Key developments occurring subsequent to March 31, 2019:

a) Private Placement

Subsequent to the period end, the Company intends to complete a non-brokered private placement for aggregate gross proceeds of \$12,000,000 (the "Private Placement") with arm's-length parties and certain existing shareholders who have agreed to subscribe by issuing 30,000,000 units of the Company's securities (the "Units") at \$0.40 per Unit (the "Subscription Price"). The Subscription Price represents a 5% discount to Benchmark's closing share price on April 30, 2019. Each Unit is comprised of one common share of the Company (each, a "Share") and one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant shall be exercisable into one Share at a price of \$1.00 for a period of 24 months from the closing date of the Private Placement. All of the Units, Shares and Warrants will be subject to a restricted period of four months and one day from the date of closing of the Private Placement.

The Company intends to use the proceeds from the sale of the Units for general working capital purposes and the costs of setting up the Company's extraction operations. The Private Placement is subject to acceptance by the Canadian Securities Exchange.

b) Letter of Intent

The Company has signed a non-binding letter of intent of strategic cooperation with China-based Zhejiang Yatai Pharmaceutical Co., Ltd. ("Zhejiang Yatai"), a publicly listed company on the Shenzhen Stock Exchange (stock code: 002370), to promote and conduct research and development, production, extraction and the commercial application of CBD and its derivative products for medical applications. Benchmark and Zhejiang Yatai agree to create, develop and market a variety of high content cannabinoid based ("CBD") pharmaceuticals, natural health products and cosmetics for international markets.

Key points of the agreement are as follows:

- the companies agree to promote and conduct research and development, production, extraction and the commercial application of CBD and its derivative products.
- the companies agree to carry out the cultivation, planting, processing and marketing of high-content CBD industrial cannabis.
- the companies agree to create and utilize a Canadian joint venture company as the main body to promote the research on extraction and purification processes of Cannabis and derivative products. The intellectual property obtained in the research process in Canada shall be owned by the companies.

Benchmark Botanics Inc.

Management's Discussion & Analysis

For the three ended March 31, 2019

- the companies agree to focus on the development of a variety of cannabinoids in the commercial application field, including medicine, health care products, food, and cosmetics.
- the companies agree to commercialize the industrialized technologies in the countries where cannabis products are legal.

A definitive agreement will be signed on or before May 30, 2019 after all due diligence work is completed and approved by regulatory authorities.

INDUSTRY AND MARKET TRENDS AND REGULATORY DEVELOPMENTS

Our business and activities are heavily regulated in all jurisdictions where we carry on business. The following provides a description of certain applicable regulatory developments since the fiscal year ended December 31, 2018 that had the potential to impact the Company's financial performance.

Legalization of Regulated Adult-Use Cannabis in Canada

While the sale of dried cannabis, fresh cannabis, cannabis seeds, plants and oil is currently permitted under the Cannabis Act, the sale of edibles containing cannabis and cannabis concentrates are not. On December 22, 2018, the Canadian federal government published the draft of the proposed Regulations Amending the Cannabis Regulations in the Canada Gazette (the "**Further Regulations**"). The Further Regulations propose to amend the Cannabis Act and Cannabis Regulations to, among other things, allow the production of extracts (including concentrates), edibles and topicals in addition to the currently permitted product forms. The Further Regulations were subject to a 60-day comment period that closed on February 20, 2019 and may be further amended before implementation based on comments received.

The Canadian adult-use market is a significant new market for the Company's products. However, it is still uncertain how developments in this new market may impact the medical cannabis market. The impact of the adult-use cannabis market on the Company's business may be negative 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.

Transition of Licenses under the Cannabis Act

Provincial and Territorial Distribution Frameworks for Regulated Adult-Use Cannabis

While the Cannabis Act and Cannabis Regulations provide for the regulation of the commercial production, processing, distribution and sale (for medical purposes) of cannabis and related matters by the federal government of Canada, the provinces and territories of Canada regulate the distribution, sale and consumption of adult-use cannabis, such as retail licensing, minimum age requirements, places where cannabis can be consumed, and a range of other matters. The governments of every Canadian province and territory have implemented regulatory regimes for the distribution, sale and use of adult-use cannabis within those provinces.

Benchmark Botanics Inc.

Management's Discussion & Analysis
For the three ended March 31, 2019

Restrictions on Business Activities in the United States

The Company currently does not engage in or invest in any commercial activities related to the cultivation, distribution or possession of cannabis in the U.S.

Summary of Quarterly Results

The following table presents selected financial information from continuing operations for the most recent eight quarters:

	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017
	Mar-31	Dec-31	Sep-30	Jun-30	Mar-31	Dec-31	Sep-30	Jun-30
Unrealized gain on changes in fair value of biological assets	127,862	33,992	124,430	265,837	-	-	-	-
Operating expenses	1,503,637	1,867,845	1,620,438	1,428,320	962,715	1,560,923	194,138	267,892
Loss from operations	(1,375,775)	(1,833,853)	(1,496,008)	(1,162,483)	(962,715)	(1,560,923)	(194,138)	(267,892)
Other (income) expenses	(3,474)	122,450	-	500,000	-	2,179,852	-	-
Net loss	(1,372,301)	(1,956,303)	(1,496,008)	(1,662,483)	(962,715)	(3,740,775)	(194,138)	(267,892)
Loss per share - basic and diluted	(0.010)	(0.014)	(0.011)	(0.012)	(0.007)	(0.094)	(0.009)	(0.013)
Weighted average number of shares - Basic	142,576,705	140,784,569	139,627,322	138,747,974	137,234,080	39,938,045	21,127,152	20,781,500

Compared with prior quarters, the increases in quarterly net loss during the quarters ended December 31, 2018, September 30, 2018, June 30, 2018, March 31, 2018, and December 31, 2017, were a result of increased expenditures incurred by the Company for hiring new employees for its medical cannabis operations, marketing and product development after the RTO.

During the quarter ended June 30, 2018, a loss on write-off of a deposit was recorded with respect to the forfeiture of the \$500,000 non-refundable deposit related to a purchase and sale contract for the purchase of a greenhouse production centre.

During the quarter ended December 31, 2017, the Company recorded listing costs of \$2,179,852 with respect to the reverse takeover of Potanicals. The Company also recorded share-based compensation expenses of \$598,273 for the quarter ended December 31, 2017 and \$375,260 for the quarter ended September 30, 2018.

Benchmark Botanics Inc.

Management's Discussion & Analysis
For the three ended March 31, 2019

Financial Results – Highlights for the three months ended March 31, 2019

- Net loss for the three months ended March 31, 2019 was \$1,372,301, compared to a net loss of \$962,715 for the three months ended March 31, 2018. The increase in net loss for the three months ended March 31, 2019 is due to the increase in operation expenses of \$540,922, offset by the unrealized gain on changes in fair value of biological assets of \$127,862.
- EBITDA before share-based compensation expenses and unrealized gain on changes in fair value of biological assets (“Adjusted EBITDA”) for the three months ended March 31, 2019 slightly decreased to a negative \$1,029,790 from a negative \$731,711 for the same time period of last year.
- At March 31, 2019, the Company had negative working capital of \$186,051 (December 31, 2018 - \$793,516).

RESULTS OF OPERATIONS

The following table sets forth consolidated statements of operations and balance sheet data, which is expressed in Canadian dollars, except share and per share amounts, for the indicated periods.

	Three-Month Period Ended (Unaudited)	
	03/31/2019	03/31/2018
Unrealized gain on changes in fair value of biological assets	127,862	-
Operating expenses	1,503,637	962,715
Loss from operations	(1,375,775)	(962,175)
Other income	3,474	-
Net loss	(1,372,301)	(962,175)
EBITDA	(1,285,431)	(912,802)
Adjusted EBITDA	(1,029,790)	(731,711)
Loss per share		
Basic	(0.010)	(0.007)
Diluted	(0.009)	(0.006)
Weighted average number of shares		
Basic	142,576,705	137,234,080
Diluted	154,290,038	148,947,413

During the three months ended March 31, 2019 and 2018, the Company did not generate any revenues from operations as the Company had not commenced sales of medical cannabis.

During the three months ended March 31, 2019, the Company reported an unrealized gain on the changes in fair value of its biological assets of \$127,862 (2018 - \$nil). This represents the change in the carrying value of the Company's medical cannabis plants at the point of harvest. The Company commenced the process of growing medical cannabis in January 2018.

Benchmark Botanics Inc.

Management's Discussion & Analysis

For the three ended March 31, 2019

Adjusted EBITDA Reconciliation (Non-IFRS Measure)

A reconciliation of Adjusted EBITDA to net income, the most comparable financial measure, is presented in the following table.

	Three Months Ended March 31	
	2019 (Unaudited)	2018 (Unaudited)
Net loss	(1,372,301)	(962,175)
Add		
Depreciation	65,018	49,373
Depreciation on right of use assets	21,852	-
Deduct		
Interest income	(3,474)	-
EBITDA	(1,288,905)	(912,802)
Unrealized gain on changes in fair value of biological assets	(127,862)	-
Share-based compensation expenses	386,977	181,091
Adjusted EBITDA	(1,029,790)	(731,711)

Expenses

	Three Months Ended March 31,	
	2019 (Unaudited)	2018 (Unaudited)
	\$	\$
Consulting fees	158,930	138,000
Depreciation	65,018	49,373
Depreciation on right of use assets	21,852	-
Director fees	22,875	13,550
Insurance	26,231	4,683
Interest on lease liabilities	10,078	-
Management fees	124,500	121,500
Marketing expenses	61,402	27,271
Office and general	78,153	42,122
Professional fees	38,122	59,239
Rent	-	16,601
Research and development	5,474	5,067
Salaries and benefits	423,664	191,054
Share-based compensation	386,977	181,091
Supplies	19,657	27,266
Utilities	9,314	8,388
Travel and entertainment	51,390	77,510
Total Expenses	(1,503,637)	(962,715)

Benchmark Botanics Inc.

Management's Discussion & Analysis
For the three ended March 31, 2019

General and administrative expenses

For the three months ended March 31, 2019, general and administrative expenses were \$1,503,637 compared to \$962,715 for the three months ended March 31, 2018. General and administrative expenses increased by \$540,922 from 2018 to 2019.

The increase of \$540,922 in general and administrative expenses was primarily due to \$232,610 increase in salary and wages, \$34,131 increase in marketing expenses, \$36,031 increase in office and general expenses, \$205,886 increase in share-based compensation, \$20,930 increase in consulting fees, and \$21,548 increase in insurance expenses.

Salary and benefits amounted to \$423,664 for the three months ended March 31, 2019 compared to \$191,054 for the three months ended March 31, 2018. The increase was a result of hiring of additional personnel to enhance the Company's management, productions and administration team due to the increase operation activities.

Share-based compensation expense increased to \$386,977 for the three months ended March 31, 2019 from \$181,091 for the three months ended March 31, 2018. Share-based compensation expense was incurred due to the compensation package granted to senior executives, employees, directors and consultants under the Company's stock option incentive plan. All of the options are exercisable in accordance with the terms of the Company's Stock Option Plan.

Income Taxes

Benchmark and its subsidiary did not accrue any income taxes for the three months ended March 31, 2019 and 2018 as no taxable income was generated.

Net Loss and Comprehensive Loss

For the three months ended March 31, 2019, net loss and comprehensive loss was \$1,372,301 compared to a net loss of \$962,715 for the corresponding period of 2018. The increase of net loss was caused by the increase in the general and administrative expenses as discussed above and share-based compensation.

LIQUIDITY AND CAPITAL RESOURCES

Cash totaled \$680,483 as at March 31, 2019, as compared to \$328,112 as at December 31, 2018.

Cash used in operating activities

For the quarter ended March 31, 2019, cash used in operating activities was \$1,713,928 compared to cash used in operating activities of \$1,055,025 for the quarter ended March 31, 2018. This increase mainly reflects an increase in operating expenses, inventory, and paying down of accounts payable.

Benchmark Botanics Inc.

Management's Discussion & Analysis
For the three ended March 31, 2019

Cash used in investing activities

For the three months ended March 31, 2019 cash used in investing activities was \$9,781 compared to cash used in investing activities of \$568,272 for the three months ended March 31, 2018. Cash used in investing activities during the period ended March 31, 2018 mainly relates to the deposit paid for acquisition of property of \$500,000 and property and equipment of \$68,272 (2019 - acquisition of property and equipment \$9,781).

Cash provided by financing activities

For the three months ended March 31, 2019, cash generated from financing activities was \$2,076,080 compared to cash generated from financing activities of \$25,976 for the three months ended March 31, 2018. The increase was mainly a result of \$113,333 in proceeds of the share issuance during the three months ended March 31, 2019 and \$2,062,290 from shareholder loans compared to a \$25,976 in proceeds of the share issuance for the three months ended March 31, 2018.

During the three months ended March 31, 2019, there were 566,667 shares issued on exercise of stock options for total proceeds of \$113,333. No shares were issued during the three months ended March 31, 2018.

Property, plant and equipment, net of accumulated depreciation and amortization

As at March 31, 2019, property, plant and equipment was \$4,956,503, a decrease of \$55,237 from \$5,011,740 as at December 31, 2018. Decrease in property, plant and equipment is mainly due to the depreciation expenses of \$65,018, offset by the addition of machinery and equipment of \$9,781 as part of Potanicals' production facilities.

COMMITMENTS

- (a) On July 1, 2017, the Company entered into a lease agreement with a related party for leasing of office premises located at 105 – 6111 London Road, Richmond, BC V7E 3X3. The Company agreed to pay an annual rent of \$27,000 until the lease expires on June 30, 2020.
- (b) On November 29, 2017, the Company entered into a lease agreement for office premises located in Toronto, Ontario. The Company agreed to pay an annual rent of \$20,000 from January 1, 2018 until the lease expires on December 31, 2020.
- (c) On April 1, 2018, the Company entered into a lease agreement for office premises located in Vancouver, BC. The Company agreed to pay an annual rent of \$48,000 from April 1, 2018 until the lease expires on December 31, 2020.
- (d) The Company agreed to indemnify the shareholders of 1139000 B.C. Ltd. The disposition loss on sale of a facility under certain conditions.
- (e) The Company has several consulting agreements with its key management personnel. These agreements do not have specific expiry dates.

Benchmark Botanics Inc.

Management's Discussion & Analysis
For the three ended March 31, 2019

OFF-BALANCE SHEET ARRANGEMENTS

As at the date of this MD&A, the Company had no material off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the financial performance or financial condition of the Company.

TRANSACTIONS WITH RELATED PARTIES

The Company has identified its directors and senior officers as its key management personnel. No post-employment benefits, other long-term benefits or termination benefits were made during the three months ended March 31, 2019 and 2018. Short-term key management compensation consists of the following:

	Three Months Ended 31-Mar-19	Three Months Ended 31-Mar-18
	\$	\$
Share-based payments	196,588	156,113
Salaries	83,400	12,500
Management fees	124,500	121,500
Director fees	22,875	13,550
Consulting fees	18,000	9,000
	445,363	312,663

Related party balances and transactions

- a) As of January 2, 2019, one of the Company's significant shareholders had provided the Company with a revolving loan for a total amount of C\$3,000,000. The loan bears no interest. The principal has no specific repayment term and needs to be paid on demand.

The loan balance as at March 31, 2019 was \$2,062,290.

- b) During the three months ended March 31, 2019, the Company incurred of \$10,500 (2018 - \$9,060) in rental expenses to directors the Company.

The above transactions were entered into in the normal course of operations and were recorded at their exchange amounts established and agreed to between the related parties. The balances are non- interest bearing, unsecured and have no fixed terms of repayment.

Benchmark Botanics Inc.

Management's Discussion & Analysis
For the three ended March 31, 2019

FINANCIAL INSTRUMENTS

Fair values

The Company's financial instruments include cash, other receivables and accounts payable. The carrying amounts of these financial instruments are a reasonable estimate of their fair values because of their current nature.

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

	March 31, 2019	December 31, 2018
Financial assets at fair value through profit or loss (i)	\$ 680,483	\$ 328,112
Financial assets at amortized cost (ii)	453,474	41,651
Financial liabilities at amortized cost (iii)	2,137,677	286,074

- (i) Cash
- (ii) Other receivables and loan receivables
- (iii) Accounts payable and due to shareholder loans

The Company classifies its fair value measurements in accordance with the three-level fair value hierarchy as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices), and
- Level 3 – Inputs that are not based on observable market data

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy as follows:

	Level 1	Level 2	Level 3	Total
Cash	\$	\$	\$	\$
December 31, 2018	680,483	-	-	680,483
December 31, 2018	328,112	-	-	328,112

Interest Rate and Credit Risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. Management evaluates credit risk on an ongoing basis. The primary sources of credit risk for the Company arise from its financial assets consisting of cash and other receivables. The carrying value of these financial assets represents the Company's maximum exposure to credit risk. To minimize credit risks the Company only holds its cash with chartered Canadian financial institutions. As at March 31, 2019 and December 31, 2018, the Company has no financial assets that are past due or impaired due to credit risk defaults.

Benchmark Botanics Inc.

Management's Discussion & Analysis
For the three ended March 31, 2019

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign currency exchange rates. The Company's functional currency is the Canadian dollar. All the Company's financial instruments are denominated in Canadian dollars and all current operational activities occur within Canada. In management's opinion there is no significant foreign exchange risk to the Company.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objective to managing liquidity risk is to ensure that it has sufficient liquidity available to meet its liabilities when due. The Company uses cash to settle its financial obligations as they fall due. As of March 31, 2019, the Company had cash and cash equivalents of \$680,483 (December 31, 2018: \$328,112). As of March 31, 2019, the Company had negative working capital of \$186,051 (December 31, 2018 - \$793,516 positive working capital).

The following are the contractual maturities of financial liabilities:

	Carrying Amount	Contractual Cash Flows	Within 1 year	Within 2 years	Within 3 years
March 31, 2019					
Accounts payable	75,387	75,387	75,387	-	-
Due to shareholder loans	2,062,290	2,062,290	2,062,290	-	-
Total	2,137,677	2,137,677	2,137,677	-	-
December 31, 2018					
Accounts payable	286,074	286,074	286,074	-	-
Total	286,074	286,074	286,074	-	-

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the interim consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which affect the application of accounting policies and the reported amounts of assets, liabilities and expenses. Actual results may differ from these estimates.

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 and in any future periods affected. Significant estimates include:

- Estimating the stage of growth of the biological assets, the cannabis plants, up to the point of harvest, the expected future yields from the cannabis plants, their values during the growth

Benchmark Botanics Inc.

Management's Discussion & Analysis
For the three ended March 31, 2019

cycle, costs to convert the harvested cannabis to finished goods, their sales price and net realizable value;

- Determining the useful lives of property and equipment;
- Determining the fair value of the shares and options deemed to be issued on the reverse acquisition transaction; and
- Estimating the value of variables used to calculate the fair value of share-based payment transactions.

Critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the interim consolidated financial statements include the following:

- the evaluation of the Company's ability to continue as going concern;
- The determination of write-off in the carrying costs of inventory;
- the recognition and valuation of impairment of property and equipment; and
- income tax and estimates about timing, likelihood and reversal of temporary differences between accounting and tax basis of the assets and liabilities.

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. In addition, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

CHANGE IN ACCOUNTING POLICIES

The following standards became effective for annual periods beginning on or after January 1, 2019, with earlier application permitted. The nature and impact of each new standard is described below:

Accounting standards effective for annual periods beginning on or after January 1, 2019

IFRIC 23 Uncertainty over income tax treatments - IFRIC 23 clarifies the application of recognition and measurement requirements in IAS 12, Income taxes, when there is uncertainty over income tax treatments. It specifically addresses whether an entity considers each tax treatment independently or collectively, the assumptions an entity makes about the examination of tax treatments by taxation authorities, how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, and how an entity considers changes in facts and circumstances. IFRIC 23 will be effective for the Company's fiscal year beginning on January 1, 2019, with earlier application permitted. The Company will adopt this interpretation as of its effective date. The Company has performed a preliminary analysis and has not assessed any significant impact to the Company's future results and financial position as a result of the adoption of this standard.

Benchmark Botanics Inc.

Management's Discussion & Analysis
For the three ended March 31, 2019

IFRS 16 *Leases* - IFRS 16 supersedes IAS 17 *Leases and* requires how leases will be recognized, measured, presented and disclosed. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is twelve months or less or the underlying asset has a low value. For leases where the Company is the lessee, it recognizes a right-of-use asset and a lease liability for its office premises leases previously classified as operating leases. The Company chose to adopted the modified retrospective approach on transition to IFRS 16 on January 1, 2019, and has chosen not to restate comparative information in accordance with the transitional provisions in IFRS16. As a result, the comparative information continues to be presented in accordance with the Company's previous accounting policies.

On adoption of IFRS 16, the Company recognized lease liabilities on office premises which had previously been classified as operating lease under IAS 17. The lease liabilities were measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rates applies to the lease liabilities on January 1, 2019. The weighted average incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 15% per annum. The details of the lease liabilities recognized as at January 1, 2019 are as follow. The weighted average lease term remaining as at January 1, 2019 is approximately 3.3 years.

	As at January 1, 2019
	\$
Operating lease commitment disclosed as at December 31, 2018	209,712
Discount of future commitments as at January 1, 2019	(23,314)
Extension options reasonably certain to exercise	68,295
Lease liabilities recognized as at January 1, 2019	254,693

Right-of-use assets

The following is the continuity of the cost and accumulated depreciation of right-of-use assets (office premises leases) as at and for the period ended March 31, 2019:

	March 31, 2019
Cost	\$
Balance, January 1, 2019 and March 31, 2019	235,090
Accumulated depreciation	
Balance, January 1, 2019	-
Depreciation	21,852
Balance, March 31, 2019	21,852
Carrying amount as at March 31, 2019	213,238

Benchmark Botanics Inc.

Management's Discussion & Analysis
For the three ended March 31, 2019

Lease liabilities

The following is the continuity of lease liabilities as at and for the period ended March 31, 2019:

	March 31, 2019
Cost	\$
Balance, January 1, 2019	254,693
Lease payments	(29,621)
Interest expense on lease liabilities	10,078
Balance, March 31, 2019	235,150
Less: current portion	85,122
Lease liabilities – non current	150,028

CAPITAL MANAGEMENT

The Company's objectives when managing capital are to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern and maintain adequate levels of funds to support its operations and development such that it can continue to provide returns to shareholders and benefits for other stakeholders.

The capital structure of the Company consists of items included in shareholders' equity and debt, net of cash and cash equivalents. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the Company's underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares or seek debt financing to ensure that there is sufficient working capital to meet its short-term business requirements. There were no changes in the Company's approach to capital management during the three months ended March 31, 2019.

The Company is not subject to externally imposed capital requirements.

OUTSTANDING SHARE CAPITAL

Benchmark has authorized an unlimited number of common voting shares without par value. The following table summarizes the maximum number of ordinary shares issued and allotted as at March 31, 2019 and December 31, 2018, and as of the date of this MD&A if all outstanding options and warrants were converted to shares:

	May 24, 2019	March 31, 2019	December 31, 2018
Common shares	142,895,594	142,595,594	142,028,927
Stock options	9,046,666	9,346,666	9,563,333
Share purchase warrants	2,666,667	2,666,667	2,666,667
Fully diluted shares	154,608,927	154,608,927	154,258,927

Benchmark Botanics Inc.

Management's Discussion & Analysis
For the three ended March 31, 2019

TRENDS AND OUTLOOK

The medical marijuana industry has experienced significant changes in Canada with the introduction of the ACMPR and the impending impetus to legalize cannabis for recreational use. This has generated an increase in investment in the industry and an overhaul to the way potential clients will be able to obtain cannabis in Canada. Benchmark plans to continue monitoring industry trends.

RISK FACTORS

This section discusses factors relating to the business of Company that should be considered by both existing and potential investors. The information in this section is intended to serve as an overview and should not be considered comprehensive and the Company may face risks and uncertainties not discussed in this section, or not currently known to us, or that we deem to be immaterial. All risks to the Company's business have the potential to influence its operations in a materially adverse manner.

Reliance on License

The ability of the Company to successfully grow, store and sell medical marijuana in Canada is dependent on Potanical's current production license from Health Canada (the "License"). The License is subject to ongoing compliance and reporting requirements. Failure to comply with the requirements and terms of the License or any failure to maintain the License or any failure to renew the License after its expiry date, would have a material adverse impact on the business, financial condition and operating results of the Company. Although the Company believes that it will meet the requirements of the MMPR for future extensions or renewals of the License, there can be no assurance that Health Canada will extend or renew the License or, if extended or renewed, that it will be extended or renewed on the same or similar terms. Should Health Canada not extend or renew the License or should they renew the license on different terms, the business, financial condition and operating results of the Company would be materially adversely affected.

Regulatory Risks

Some of the proposed activities of the Company will be subject to regulation by governmental authorities, including, but not limited to, Health Canada's Office of Controlled Substances. The Company's business objectives are contingent upon, in part, compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products. The Company cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of the Company. Furthermore, although the operations of Potanicals are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail the Company's ability to produce or sell medical cannabis. Amendments to current laws and regulations governing the importation, distribution, transportation and/or production of medical cannabis, or more stringent implementation thereof could have a substantial adverse impact on the Company.

Benchmark Botanics Inc.

Management's Discussion & Analysis

For the three ended March 31, 2019

Governmental Regulations and Risks

The Company's operations will be subject to environmental regulation in the jurisdiction in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Government approvals and permits are currently, and may in the future, be required in connection with the Company's operations. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from its proposed production of medical cannabis or from proceeding with the development of its operations as currently proposed. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. The Company may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permits governing the production of medical cannabis, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in expenses, capital expenditures or production costs or reduction in levels of production or require abandonment or delays in development.

Limited Operating History

While Potanicals was incorporated and began carrying on business in 2014, it is yet to generate any revenue. The Company 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 Company will be successful in achieving a return on Shareholders' investment and the likelihood of success must be considered considering the early stage of operations.

History of Losses

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

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 common shares of the Company.

Benchmark Botanics Inc.

Management's Discussion & Analysis
For the three ended March 31, 2019

Risks Inherent in an Agricultural Business

The Company'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 of the Company 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 Company's medical cannabis growing operations will consume considerable energy, which will make the Company vulnerable to rising energy costs. Accordingly, rising or volatile energy costs may, in the future, adversely impact the business of the Company 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 Company is currently in good standing with all high-level employees and believes that with well managed practices it will remain in good standing. The success of the Company 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 Company's business, operating results or financial condition.

Insurance and Uninsured Risks

The Company's business is subject to a number of risks and hazards generally, including adverse environmental conditions, accidents, labour 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 Company maintains and intends to continue to maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards encountered in the operations of the Company is not generally available on acceptable terms. The Company might also become subject to liability for pollution or other hazards which may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

The Company will be an Entrant Engaging in a New Industry

The medical cannabis industry is fairly new. There can be no assurance that an active and liquid market for the common shares of the Company will develop and Shareholders may find it difficult to resell their shares. Accordingly, no assurance can be given that the Company will be successful in the long term.

Benchmark Botanics Inc.

Management's Discussion & Analysis
For the three ended March 31, 2019

Dependence on Suppliers and Skilled Labour

The ability of the Company to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to skilled labour, equipment, parts and components. No assurances can be given that the Company will be successful in maintaining its required supply of skilled labour, equipment, parts and components. This could have an adverse effect on the financial results of the Company.

Difficulty to Forecast

The Company 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 Company.

Management of Growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company 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 Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Internal Controls

Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent fraud. Although the Company has undertaken 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 Company under Canadian securities law, the Company cannot be certain that such measures will ensure that the Company 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 Company's results of operations or cause it to fail to meet its reporting obligations. If the Company or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Company's consolidated financial statements and materially adversely affect the trading price of the common shares of the Company.

Liquidity

The Company cannot predict at what prices the common shares will trade, and there can be no assurance that an active trading market in the common shares will develop or be sustained. There is a significant liquidity risk associated with an investment in the common shares of the Company.

Dilution

The Corporation 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 may be adversely affected.

Benchmark Botanics Inc.

Management's Discussion & Analysis

For the three ended March 31, 2019

Litigation

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company such a decision could adversely affect the Company's ability to continue operating and the market price for the common shares of the Company and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant company resources.

Benchmark Botanics Inc.

William Ying
Chief Executive Officer
May 24, 2019