



GLOBAL CANNABIS APPLICATIONS CORP.

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended December 31, 2019

1.1 Date of Report: March 2, 2020

The following Management Discussion and Analysis (“MD&A”) of Global Cannabis Applications Corp. (the “Company” or “Global Cannabis”) has been prepared by management, in accordance with the requirements of National Instrument 51-102, and should be read in conjunction with the unaudited condensed consolidated financial statements and notes thereto for the six months ended December 31, 2020.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including that within the consolidated financial statements and MD&A, is complete and reliable. The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Company.

All financial information in this MD&A has been prepared in accordance with IFRS and all dollar amounts are quoted in Canadian dollars, the reporting and functional currency of the Company, unless specifically noted.

Forward-Looking Statements

This MD&A contains forward-looking statements and forward-looking information (collectively, “forward-looking statements”) within the meaning of applicable Canadian and US securities legislation. These statements relate to future events or the future activities or performance of the Company. All statements, other than statements of historical fact are forward-looking statements. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. These forward-looking statements include, but are not limited to, statements concerning:

- the Company’s strategies and objectives, both generally and in respect of its existing business and planned business operations;
- the Company’s plans to acquire users for its products;
- the Company’s future cash requirements;
- general business and economic conditions;
- the Company’s ability to meet its financial obligations as they come due, and to be able to raise the necessary funds to continue operations; and,
- the timing, pricing, completion, and regulatory approvals of proposed financings if applicable.

Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Inherent in forward-looking statements are risks and uncertainties beyond the Company’s ability to predict or control, including, but not limited to, risks related to the Company’s ability to raise the necessary capital or to be fully able to implement its business strategies, and other risks identified herein under “Risk Factors”.

The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results are likely to differ, and may differ materially, from those expressed or implied by forward looking statements contained in this MD&A. Such statements are based on a number of assumptions, which may prove incorrect, including, but not limited to, assumptions about:

- general business and economic conditions;
- conditions in the financial markets generally, and with respect to the prospects for small capitalization commercial/technology companies specifically;
- the Company’s ability to roll out its business plan which includes new product launches and associated planning in production, sales, distribution and marketing; and,
- the Company’s ability to secure and retain employees and contractors to carry out its business plans.

These forward-looking statements are made as of the date hereof and the Company does not intend and does not assume any obligation, to update these forward-looking statements, except as required by applicable law. For the reasons set forth above, investors should not attribute undue certainty to or place undue reliance on

forward-looking statements.

1.2 Overall Performance

Nature of Business and Overall Performance

The Company was incorporated on July 14, 2014, under the *Business Corporation Act* (British Columbia) under the name of Kluster Technologies Inc. On August 1, 2014, the Company changed its name to Antisocial Holdings Ltd. and later changed its name to Fundamental Applications Corp. (“Fundamental”) on September 2, 2014. On April 10, 2017, the Company changed its name to Global Cannabis Applications Corp.

On September 18, 2014, the Company commenced trading on the Canadian Securities Exchange (“CSE”) under the trading symbol “FUN”. On April 18, 2017, in connection with the Company’s change of name, the Company commenced trading on the CSE under the trading symbol “APP”.

The head office of the Company is Suite 830, 1100 Melville Street, Vancouver, BC V6E 4A6. The registered and records office of the Company is Suite 1500, 1055 West Georgia Street, Vancouver, British Columbia, V6E 4N7.

Global Cannabis designs, develops, markets and acquires innovative data technologies for the cannabis industry. Its Citizen Green platform is the world's first end-to-end -- from patient to regulator -- medical cannabis data solution. It uses six core technologies -- mobile applications, artificial intelligence, regtech (regulatory technology), smart databases, blockchain and digital reward tokens -- to qualify candidates for clinical studies.

The Citizen Green platform is now complete and in its commercialization stage. Sales and marketing efforts have commenced in relation to expanding users of the platform and to join with strategic partners within the cannabis industry to contribute key data to the underlying databases while providing a valuable industry specific tool for their customers.

The Citizen Green platform consists of the following solutions:

Prescriptii Patient-Care Solution

Prescriptii is an integrated desktop and mobile solution for medical cannabis business optimization with the following benefits:

Better Patient Outcomes

The retail application is used to register patients and collect information about their specific ailment and treatment journey. Using a proprietary Pain to Strain machine learning engine, Prescriptii can make suitable product recommendations for the patient.

Optimized Business Operations

By tracking each patient’s medical cannabis journey, Prescriptii allows retailers to provide individually tailored treatment plans. The system tracks the amount and type of product used providing for inventory management and pricing optimization for the retailer.

Medical Cannabis Data Growth

As Prescriptii captures each patient’s experience through a customer mobile application on an ongoing basis, the information is added to GCAC’s growing repository of medical cannabis data insights. The database includes medical cannabis study data, clinical trial data, and anecdotal insights captured from many different and highly regarded sources. As more and more patient information is included in the repository, it becomes smarter and is able to make improved product recommendations for each patient.

Citizen Green Onward Rewards

Citizen Green Onward Rewards is a one-of-a-kind loyalty reward program powered by the Citizen Green Coin (“CGC”) as an incentive tool to build loyalty, acquire new customers and retain existing ones. Patients earn CGCs through profile information and providing data insights, and they are rewarded with special promotions and more personalized treatment programs.

Patients are invited by the retailer to use the Prescriptii application and enroll in their system. Once enrolled, patients are asked a non-linear set of questions about their medical history and treatment experiences. As patients

contribute profile and experiential data, they earn Citizen Green Coins (CGCs) which are redeemable for discounts and promotions exclusively from their retailer, increasing loyalty.

By applying Machine Learning and Artificial Intelligence to the collected data, product insights are generated which can be used by the retailer to improve the relationships with the patient. Data insights can also be used for product inventory planning, marketing, sales forecasting, and other valuable business drivers.

Citizen Green MarketPlace

The Citizen Green MarketPlace is where retailers can buy and sell anonymous data insights using Citizen Green Coins (CGCs). CGC is a true utility token with a stable pricing model and only available to registered community members.

CGCs earned through patient redemptions from Onward Rewards or purchased directly from GCAC can be used as currency within the MarketPlace to purchase business, market, and product intelligence (data insights) from other dispensaries on a global basis. These insights can be used to gain a better understanding of ailments, medical history, patient needs and experiences, leading to more relevant product recommendations and better outcomes.

Significant Acquisitions and Dispositions

On September 21, 2016, the Company completed the acquisition of OPINIT LLC (“OPINIT”), acquiring a mobile application whereby the Company issued 7,500,000 shares for 100% of the issued and outstanding shares of OPINIT (Note 8). Of the 7,500,000 shares, 3,500,000 with a fair value of \$472,500 were released immediately and the remaining 4,000,000 shares (the “Milestone Shares”) are subject to release restrictions whereby they shall be released upon achievement of certain milestones. A total of 2,000,000 of the Milestone Shares shall be released upon the completion of the development and release of the BETA version of the university instance desktop portal including integration feeds from OPINIT mobile application and the Foro mobile application. The remaining 2,000,000 Milestone Shares will be released pro-rata to the OPINIT Shareholders in connection with the combined user counts of both the OPINIT mobile application and the Foro Mobile Application. The milestone shares were valued on the date of the acquisition based on the probability that they would be realized in the future and an additional \$317,250 was recorded. On December 28, 2016, the total combined user count was over 300,000, accordingly, the Company released 1,000,000 Milestone shares with a fair value of \$135,000. In addition to the shares released for the milestone, 50,000 shares with a fair value of \$2,000 were issued for advisory fees related to reaching the milestone. The Company issued 175,000 shares, which have been recorded with a fair value of \$23,625, to an arm’s-length finder. In the event that the Company enters into any form of amalgamation, merger, arrangement or similar transaction which results in the acquisition of 20% or more of the voting securities of the Company, the entirety of the Milestone Shares will be issued and released to the OPINIT shareholders. On November 30, 2018, the Company came to an agreement with the original OPINIT Shareholders whereby it issued 1,500,000 shares with a fair value of \$240,000 pro-rata to the OPINIT Shareholders to cancel any remaining Milestone requirements.

1.3 Selected Annual Information

N/A (annual requirement)

1.4 Results of Operations

Results of Operations for the six months ended December 31, 2019, compared to 2018

The Company incurred a net and comprehensive loss of \$733,543 for the six months ended December 31, 2019, (the “Current Period”) compared to a net and comprehensive loss of \$2,996,615 for the six months ended December 31, 2018 (the “Comparative Period”). During the Current Period, the Company continued to market its Citizen Green platform.

The difference in net and comprehensive loss incurred during the Current Period, compared to that incurred during the Comparative Period was largely a result of the following:

- The Company recorded amortization of intangible assets of \$81,338 during the Comparative Period. There was no comparable expense during the Current Period (see note 4 of the accompanying Financial Statements).

- Consulting Fees decreased by \$845,183 to \$434,834 (Comparative Period: \$1,280,017). During the Current Period, the Company did not require the consultants needed for investigation and integration of the blockchain and AI technologies into the Citizen Green Platform as were required during the Comparative Period. During the Comparative Period, the Company expensed the loan receivable discount (see note 7 in the accompanying Financial Statements) of \$61,088 to consulting fees. There was no comparable expense in the Current Period.
- Marketing decreased by \$519,163 to \$209,341 (Comparative Period: \$728,504). Marketing expenditures during the Comparative period were high as the Company had recently shifted its focus to the cannabis marketplace. Marketing during the Current Period continued towards new users and strategic partners.
- Research and development costs decreased by \$521,025 to \$7,758 (Comparative Period: \$528,783) as the development of the technology was completed during the year ended June 30, 2019
- Share-based payments decreased from \$372,200 to \$Nil as there were no stock options granted during the Current Period.

During the six months ended December 31, 2019, the Company continued to focus on the marketing of its Citizen Green platform.

Results of Operations for the three months ended December 31, 2019, compared to 2018

The Company incurred a net and comprehensive loss of \$466,796 for the three months ended December 31, 2019, (the “Current Period”) compared to a net and comprehensive loss of \$1,256,311 for the three months ended December 31, 2018 (the “Comparative Period”).

The difference in net and comprehensive loss incurred during the Current Period, compared to that incurred during the Comparative Period was largely a result of the following:

- Amortization of intangible assets decreased by \$40,669 to Nil (2018: \$40,669) as described above.
- Consulting Fees decreased by \$102,655 to \$234,153 (Comparative Period: \$336,808) as described above.
- Research and Development costs decreased by \$518,874 to \$4,549 (Comparative Period: \$523,423) as described above.
- Share-based payments decreased from \$168,400 to \$Nil as there were no stock options granted during the Current Period.

During the three months ended December 31, 2019, the Company continued to focus on the marketing of its Citizen Green platform.

1.5 Summary of Quarterly Results

The following is a summary of the Company’s financial results for the eight most recently completed quarters.

Three Months Ended	Total Revenues	Net Loss	Loss Per Share (basic and diluted)
December 31, 2019	Nil	(466,796)	\$0.004
September 30, 2019	Nil	(266,747)	0.003
June 30, 2019	Nil	(4,182,563)	0.04
March 31, 2019	Nil	(382,569)	0.004
December 31, 2018	Nil	(1,256,311)	0.01
September 30, 2018	Nil	(1,740,304)	0.02
June 30, 2018	Nil	(2,136,147)	0.03
March 31, 2018	Nil	(1,566,400)	0.03

Marketing costs accounted for much of the variances within 2017. The Company continued to build the Citizen Green platform (CannaLife launched November 30, 2017, and Prescriptii launched January 18, 2018) and implemented blockchain and token technologies (CGT) within the platform. The platform is designed for medical cannabis retailers to build loyalty with patients while growing their underlying retail business. During the quarter ended September 30, 2018, and December 31, 2018, the Company increased its efforts to complete the Citizen Green platform and related apps and began marketing the product prior to its commercial release. During the three

months ended March 31, 2019, the Company significantly decreased expenditures related to consulting, marketing, research and development as the platform has entered the commercialization stage. During the quarter ended June 30, 2019, the Company continued discussions marketing the project to potential strategic partners in the cannabis industry. During the quarter ended September 30, 2019 and the quarter ended December 31, 2019, the Company continued its marketing while significantly decreasing its development and consulting costs.

1.6 Liquidity

As at December 31, 2019, the Company had a working capital deficit of \$708,667 (\$6,941 in cash, \$17,500 in prepaid expenses, \$7,270 in GST receivable, \$886,364 in loan receivable, \$399,175 in loan payable, \$723,823 in accounts payable and \$503,743 accruals) compared to working capital deficit of \$668,060 (\$6,980 in cash, \$17,500 in prepaid expenses, \$15,097 in GST receivable, \$886,364 in loan receivable, 385,563 in loan payable, \$672,185 in accounts payable and \$536,253 accruals) at June 30, 2019.

The Company has not pledged any of its assets as security for loans, or otherwise is not subject to any debt covenants. Based on current information, the Company anticipates that its working capital is insufficient to meet its expected ongoing obligations for the coming year.

The Company has financed its operations to date primarily through the issuance of common shares and the exercise of stock options or warrants. The Company continues to seek capital through various means including the issuance of equity and/or debt.

The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances and through short-term borrowing. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

1.7 Capital Resources

At December 31, 2019, the capital of the Company consists of cash in the bank, loan receivable, and GST/HST recoverable totaling \$900,574. The Company will have to generate additional cash from either debt or equity raised through the Canadian public markets to meet its commitments.

As at the date of this MD&A, the Company had 6,805,000 stock options with exercise prices between \$0.10 and \$0.64, and 39,934,679 warrants with exercise prices between \$0.10 and \$0.55 which, if all exercised, would generate cash proceeds of \$17,503,679. There is no assurance that these exercises will occur.

1.8 Off Balance Sheet Arrangements

There are no off-balance sheet arrangements to which the Company is committed.

1.9 Transactions with Related Parties

Related party transactions are comprised of services rendered by directors and/or officers of the Company or a company with a director in common. Related party transactions are in the ordinary course of business and are measured at the exchange amount.

Key management compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include certain directors and officers. During the period ended December 31, 2019, the Company entered into the following transactions with key management personnel:

	Six months ended	
	December 31, 2019	December 31, 2018
Fees paid or accrued to the CEO (B. Moore)	\$ 147,747	\$ 129,976
Fees paid or accrued to companies controlled by the CFO (A. Helmel)	48,000	58,000

	Six months ended	
	December 31, 2019	December 31, 2018
Fees paid or accrued to the CMO (Hanan Gelbendorf)	98,965	126,415
Fees paid or accrued to the former CTO (Eyal Margalit)	-	110,582
Stock-based compensation to the Company's CEO (B. Moore)	-	74,837
Stock-based compensation to the Company's CFO (A. Helmel)	-	29,837
Stock-based compensation to the Company's CMO (Hanan Gelbendorf)	-	22,827
Stock-based compensation to the Company's former CTO (Eyal Margalit)	-	10,205

The transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

At December 31, 2019, a balance of \$245,204 (2018: \$12,600) was owing to related parties and included in accounts payable and accrued liabilities. This amount is unsecured, non-interest bearing and due on demand.

1.10 Second Quarter

The first quarter's focus was the marketing of the Citizen Green platform to consumers and industry participants.

Second Quarter Highlights

- On December 3, 2019 the Company announced that it has entered into an agreement to create a special purpose vehicle to be incorporated within Malta or Cyprus as a joint venture corporation (JV) registered for GCAC and Inteligenta. To be outlined in the definitive agreement, GCAC will contribute its citizen green patient care solution and Inteligenta will provide its proprietary biometric watch in a 51:49 per cent split respectively. GCAC will finance \$1.5-million into the JV over six months as a secured debt anchored to specific milestones set out over the next year. Based on an agreed-upon future valuation of \$30-million, GCAC would have the right of first refusal to invest an additional \$13.5-million as a debt instrument into the JV for a two-year period at 5-per-cent interest, to be redeemed upon the sale of the JV entity. This debt can also be converted at the election of GCAC with one warrant per share priced at 150 per cent of the convertible option share price after two years.
- On December 9, 2019 the Company announced that it has offered and signed a term sheet to invest up to \$1.75-million with Barak Yevul Ha'aretz (BYH), a privately held medical cannabis growing operation based in moshav Gilat, Israel.
- On December 19, 2019 the Company announced that it has filed a provisional method and composition patent application (serial No. 62/950,158) with the United States Patent and Trademark Office for the system of processing and tracking cannabis products and associated method using blockchain. No assurance can be given as to whether or when a registered patent may be granted by the USPTO in the future.

1.11 Proposed Transactions

There are no proposed transactions that will materially affect the performance of the Company other than those which have been disclosed in the Company's news releases.

1.12 Critical Accounting Estimates

Significant Estimates and Assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the fair value measurements for financial instruments and estimating the fair value for share-based payment transactions. The assumptions and models used for estimating fair value for share-based payment transactions.

Significant Judgements

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial policies in the accompanying financial statements were:

- Evaluating whether or not costs incurred by the Company in developing its data technologies and applications meet the criteria for capitalizing as intangible assets. Management determined that as at December 31, 2019, it was not able to demonstrate with sufficient certainty that it is probable the economic benefits will flow to the Company. Accordingly, all research and development costs incurred to date have been capitalized.
- Evaluating whether or not there are indicators of impairment relating to the costs capitalized as intangibles by the Company for its data technologies and applications are assessed for indicators of impairment.
- Evaluating whether or not the Company can recover its loan receivable.
- Estimation of the Fair value of the loan receivable including the consideration of the discount rate and related impact to the financial statements of a change in this discount rate.

Other significant judgments in applying the Company's accounting policies relate to the assessment of the Company's ability to continue as a going concern (Note 1) and the classification of its financial instruments.

1.13 Changes in Accounting Policies

No changes in accounting policies.

1.14 Financial Instruments and Risk Management

As at December 31, 2019, the Company's financial instruments consist of cash, loan receivable, accounts payable and accrued liabilities.

Fair value

The carrying value of cash, loan receivable, accounts payable, accrued liabilities, and loan payable approximate their fair value due to the relatively short-term nature of these instruments.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- 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 or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Credit risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and amounts receivable. The risk arises from the non-performance of counterparties of contractual financial obligations. The Company's primary exposure to credit risk is on its loan receivable. This risk is partially managed by obtaining a loan security of 13,636,363 shares of the Company owned by the guarantor and by a personal guarantee from the guarantor. As at the date of this report, the loan receivable has not been repaid and the Company is negotiating terms with the borrower and guarantor.

Liquidity risk

The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances and through short-term borrowing. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

The Company intends to meet its current obligations in the following year with funds to be raised through private placements.

Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Management does not believe the Company is exposed to significant interest rate risk as liabilities, loan receivable, and cash are either fixed rate (7.0% for loan payable and 12% for loan receivable) or non-interest bearing as at December 31, 2019.

1.15 Other MD&A Requirements

This MD&A should be read in conjunction with the unaudited condensed financial statements for the period ended December 31, 2019. This MD&A is intended to assist the reader's understanding of the Company and its operations, business, strategies, performance and future outlook from the perspective of management. The documents mentioned above, as well as news releases and other important information may be viewed through the SEDAR website at www.sedar.com.

This MD&A may contain management estimates of anticipated future trends, activities, or results; these are not a guarantee of future performance, since actual results may vary based on factors and variables outside of management's control. Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible to ensure that information disclosed externally, including the financial statements and MD&A, is complete and reliable. The Company's Board of Directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The Board's Audit Committee meets with management to review the financial statement results, including the MD&A, and to discuss other financial, operating and internal control matters. The Audit Committee is free to meet with the independent auditors throughout the year.

Summary of Outstanding Share Data

The following table outlines outstanding share data as of the date of this report:

	Number Issued and Outstanding
Common shares	114,712,001
Stock Options	6,805,000
Warrants	39,934,679
Fully Diluted	161,451,680

Directors and Officers

As of the date of this report, the Company's directors and officers are Bradley Moore (Director and Chief Executive Officer), Jeffrey Hayzlett (Director), Alexander Helmelt (Director and Chief Financial Officer), and Hanan Gelbendorf (Chief Marketing Officer).

1.16 Subsequent Events

There were no subsequent events.