CABBAY HOLDINGS CORP.

MANAGMENTS'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the Three and Nine Months Ended September 30, 2019

Overview

This MD&A has been prepared as of October 31, 2019 and the following information should be read in conjunction with the Issuer's un-audited financial statements for the three and nine months ended September 30, 2019 together with the notes thereto. The Issuer's financial statements for the period have been prepared in accordance with International Financial Reporting Standards (IFRS).

This discussion contains forward-looking statements that involve certain risks and uncertainties. Statements regarding future events, expectations and beliefs of management and other statements that do not express historical facts are forward-looking statements. In this discussion, the words "believe", "may", "will", "estimate", "continue", "anticipate", "intend", "expect", "plan", "predict", "potential" and similar expressions, as they relate to the Issuer, its business and management, are intended to identify forward looking statements. The Issuer has based these forward-looking statements largely on its current expectations and projections about future events and financial trends affecting the financial condition of the business. Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved. Forward looking statements are based on information available at the time those statements are made and/or management's good faith belief as of that time with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements.

Except as may be required by applicable law or regulation, the Issuer undertakes no obligation to update publicly or release any revisions to these forward looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events. Accordingly, readers should not place undue reliance on forward-looking statements. If the Issuer updates one or more forward-looking statements, no inference should be drawn that additional updates will be made with respect to those or other forward-looking statements. Additional information relating to the Issuer, is available by accessing the SEDAR website at www.sedar.com.

Business Overview and Strategy

The Issuer was incorporated as a wholly owned subsidiary of Tower One Wireless Corp. ("**Tower One**") in order to facilitate a plan of arrangement with Tower One, a public company whose common shares trade on the CSE. As part of the Plan of Arrangement which closed on October 3, 2016, Tower One transferred its interest in the ForwoRx Agreement and $1,000 to the Issuer. As a result of the Plan of Arrangement, the Issuer became a reporting issuer in British Columbia. In connection with the Plan of Arrangement, $435,360 of indebtedness was assigned to and assumed by the Issuer. The Issuer recorded a financing fee of $435,359 as a result of the transaction. Also, in connection with the Arrangement during the fiscal year ended December 31, 2017 $5,929 of indebtedness was assigned to and assumed by the Issuer and for the fiscal year ended December 31, 2018 $4,179 of indebtedness was assigned to and assumed by the Issuer.

On closing of the Plan of Arrangement, the Issuer was a holding company with its major holding being an asset purchase agreement with ForwoRx Therapeutics Inc. (the **"ForwoRx Agreement"**) regarding the purchase of therapies to treat fibrosis, erectile dysfunction and pulmonary arterial hypertension. The ForwoRx Agreement covers the lead compound for Fibrosis, PTL-202, a combination of already approved drugs which have well established safety profiles. PTL-202 has completed a phase 1 drug/ drug interaction clinical trial. In addition, the agreement covers the purchase of a sublingual formulation of sildenafil citrate for use as a treatment for erectile dysfunction and pulmonary arterial hypertension. Neither of these programs is currently being funded.

From the completion of the Plan of Arrangement the Issuer began improving its balance sheet and seeking additional business opportunities primarily related to sectors of the cannabis industry. On March 26, 2018, the Issuer incorporated a British Columbia corporation Alta-Sun Samson Holdings Corp. (Alta-Sun) to operate a cannabis cultivation facility in Alberta. This cannabis cultivation operation has been the Issuer's focus since February, 2018. Alta-Sun has now leased 5 acres of land on the Enoch Cree Nation lands and preparing a Standard Cultivation License application for the site. Alta-Sun is the developer and operator of the Enoch Facility. Near term operations will include the intended construction of the Enoch Facility and preparation of the Evidence Package for submission to Health Canada.

Overall Performance

The Issuer is a development stage company intending to establish an outdoor cannabis cultivation operation, the Enoch Facility, potentially growing into a vertically integrated grower and manufacturer of cannabis concentrates and cannabis infused products. The Issuers current operations, developing the Enoch Facility consists of contracting out tasks that are required only during development of the Enoch Facility, such as building design, structural engineering, construction of buildings and infrastructure, a cannabis cultivation license application and production of evidence packages. The Issuer will operate and staff the core cultivation facilities but contract out tasks that are only required seasonally or require specialized skills, equipment facilities and infrastructure such as propagation of seedlings, extraction of oils and extracts, harvesting and transportation. The Issuer's initial grow out facility is designed as an independent outdoor growing area of 5 acres equal to 217,800 sq. ft.. Utilizing this business model and planned growing outdoors is the Issuer's strategy to position itself as a producer of cannabis flower for extraction.

Corporate Highlights

During the nine month period ended September 30, 2019 the Issuer accomplished the following:

On March 15, 2019 the Issuer signed a series of lines of credit to provide a total of $1.2 million of working capital. The Issuer committed to issued 500,000 common shares to the lenders to pay administration fees of $125,000. 125,000 of these shares were issued to Robert Charlton the Company's CFO.

On March 31, 2019 the Issuer signed an amended lease for the 5 acres of land at the Enoch Cree Nation, extending the lease to 10 years.

On March 31, 2019 the Issuers board approved the issuance of 200,000 Shares to Andy Morin as a bonus for contracting to be the Issuers Master Grower.

On April 26, 2019 the Issuers board approved the issuance of 40,000 shares at $0.25 per share for total proceeds of $10,000. 20,000 of these shares were issued to Doug Unwin the Issuers CEO for proceeds of $5,000.

On April 26, 2019 the Issuers board approved the issuance of 50,000 shares at a deemed value of $0.25 per share for the settlement of $12,500 owed to Doug Unwin the Issuers CEO under his employment contract.

On the same date the Issuers board approved the issuance of 63,000 shares at a deemed value of $0.25 per share for the settlement of $15,750 owed to a director, Mark van der Horst for services.

On April 26, 2019 the Issuers board approved the issuance of 500,000 shares at a deemed value of $0.25 per share as administrative fees for $1,200,000 lines of credit, of this amount was 125,000 shares were issued to Robert Charlton the Issuers CFO.

On April 26, 2019 the Issuers board approved the issue of 627,000 shares at a deemed value of $0.25 per share to settle outstanding payables. Of this issue 63,000 shares were issued to Mark van der Horst a Director to settle consulting fees and 50,000 shares were issued to Doug Unwin the Company's CEO to settle wages as per Mr. Unwin's employment contract

On May 29, 2019 the Issuer, issued 252,000 common shares at a price or $0.25 per share for total proceeds of $63,000.

On July 3, 2019 the issuer, Issued 160,000 common shares at a price or $0.25 per share for total proceeds of $40,000.

The Issuer has applied to have its Common Shares listed on the CSE. The Issuer has paid the initial application fee of $3,500.

Mr. Tom Neumann was appointed to the Issuer's Board of Directors on August 12, 2019 and issued 20,000 options to purchase common shares for $0.25 for up to 5 years on August 14, 2019.

On September 16, 2019 the board approved the issuance of 20,000 options to purchase common shares for $0.25 for up to 5 years to each member of the Board of Directors except Tom Neuman.

Selected Financial Information

The financial information reported here has been prepared in accordance with IFRS. The Issuer uses the Canadian dollar (CDN) as its reporting currency. Selected un-audited financial data for interim operations of the Issuer for the three months and nine months ended September 30, 2019 and for the three months and nine months ended September 30, 2018 are presented:

Selected Statement of Operations Data

Period ended	**Three Months Ended September 30, 2019**	**Three Months Ended September 30, 2018**	**Nine Months Ended September 30, 2019**	**Nine Months Ended September 30, 2018**
Total revenues	$Nil	$Nil	$Nil	$Nil
Net Income / (Loss)	$(119,390)	$(106,306)	$(406,554)	$(352,939)
Basic Income/(loss) per share	$(0.01)	$(0.01)	$(0.03)	$(0.04)
Diluted loss per share (Unaudited)	$(0.01)	$(0.01)	$(0.03)	$(0.04)
Weighted average shares	12,775,824	11,083,304	11,990,781	9,884,442

Selected Balance Sheet Data

Period ended	**September 30, 2019**	**December 31, 2018**
Cash & Equivalents	$9,414	$40,250
Current Assets	$142,629	$94,183
Total Assets	$482,419	$364,074
Current liabilities	$125,398	$167,932
Non-Current liabilities	$109,476	$Nil
Total liabilities	$234,874	$167,932
Working Capital	$17,231	$(73,749)

Comparison of the Quarters ending September 30, 2019 and September 30, 2018

Revenues

The Issuer does not expect to receive revenue if any from the potential cannabis operations until after it has received a Standard Cultivation license from Health Canada.

The Issuer holds an agreement with ForwoRx Therapeutics Inc. ("ForwoRx") *(see Business Overview and Strategy*). Under this agreement ForwoRx is to pay to the Issuer $50,000 per year in maintenance fees. This fee for 2016, 2017, 2018 and 2019 has not been paid and the company will not recognize it as revenue until such time that management is confident of its payment.

Expenses

For the three months ended September 30, 2019 expenses totaled $119,390 compared to expenses of $106,306 for the three month period ended September 30, 2018. Consulting fees for the three months ended September 30, 2019 increased to $50,401 from $35,414 when compared to the three months ended September 30, 2018 were as accounting and audit fees increased to $5,625 for the three months ended September 30, 2019 from $3,000 when compared to the three months ended September 30, 2018. The change was due to increased fees to deal with Canada Revenue Agency on a GST audit. Management Fees and wages remained steady at $24,000 and $7,500 for the three months ended September 30, 2018 when compared to the three months ended September 30, 2018. Interest and bank charges increased as the $56,000 non-interest bearing short term loan was converted to a long-term interest bearing loan with an interest rate of 1% per month, the principal was due September 30, 2019, this loan was extended to September 30, 2022 and reclassified as a long term liability. The interest expense on this loan is $5,040 for the period ended September 30, 2019. Share based compensation increased to $22,375 for the three months and nine months ended September 30, 2019 from $nil for the three months and nine months ended September 30, 2018. This increase was due to the issuance of 120,000 options to directors and management of the company.

During the three months ended September 30, 2018 the issuer wrote off $20,500 in deposits for future land acquisition at the Samson Nation as the Issuer decided not to purse this project, there were $Nil write-offs during the three months ended September 30, 2019.

Research & Development Expense

The company has begun a genetics research and development program. Working with a federally licensed grower the company is completing characterization studies on a number of strains that it feels may be well suited for the Enoch location. The end goal of the research is to short list a few strains to maximize the yield from the Enoch facility. The Company has contracted these services for $10,000. This research expense has been capitalized as an intangible asset.

The company does not incur any expense associated with research and development under the asset purchase agreement with ForwoRx Therapeutics Inc.

General and Administrative Expenses

General and administrative costs consist primarily of consulting fees, management fees, accounting costs and other professional and administrative costs associated with maintenance of the Issuer's reporting status and general corporate activities such as pursuing the development of opportunities to grow cannabis and develop cannabis products under the new Cannabis Act regulations set to start October 17, 2019.

The General and administrative costs for the 3 month period ended September 30, 2019 was $119,390. The General and administrative costs for the three months ended September 30, 2018 was $85,806. For additional discussion of the expenses please *see "Expenses"*.

Intellectual Property and Intangible Assets

On June 4, 2018 the Company entered into a binding agreement with Cannabis Compliance Inc. ("CCI"). CCI continues to provide the Company with consulting services related to a Cannabis Act license application and construction of a cannabis cultivation facility. The costs incurred to prepare the license application have been capitalized as an intangible asset. The Company also classified certain consulting charges associated with obtaining the Cannabis Act license. The Company anticipates that it will have additional expenses related to obtaining a license under the Cannabis Act.

Costs incurred to obtain the Cannabis Act License are listed below:

	September 30, 2019	December 31, 2018
Application costs	$ 128,125	$ 128,125
Other capitalized charges	183,164	130,925
Total	**$ 311,289**	**$ 259,050**

The company has no costs associated with the maintenance of patents or intellectual property under the asset purchase agreement with ForwoRx Therapeutics Inc.

Interest Expense/(Income)

The interest expense in the nine month period ended September 30, 2019 was $8,337 (September 30, 2018, $9,493). On September 26, 2019 the Company signed an agreement to whereby the principal of the loan from an arms length party in the amount of $58,015 became due on September 30, 2022. The loan accrues interest at 1% per month and interest is payable quarterly. Interest expense for the period ended September 30, 2019 was $5,040 (2018: $5,040). Interest accrued at September 30, 2019 is $2,016

(December 31, 2019: $2,016).

Profits

At this time, the Issuer is not anticipating profit from operations. The Issuer will report an annual deficit and quarterly deficit and will rely on its ability to obtain equity or debt financing and maintenance fees from the Asset Purchase Agreement to fund on-going operations. For information concerning the business of the Issuer, please see "*Business Overview and Strategy*".

Stock Based Compensation

For the 3 month period ended September 30, 2019 stock based compensation was $22,375 (September 30, 2018, $Nil) due to the issuance of stock options.

Selected Quarterly Information

	Three Months Ended September 30, 2019	Three Months Ended June 30, 2019	Three Months Ended March 31, 2019	Three Months Ended December 31, 2018	Three Months Ended September 30, 2018	Three Months Ended June 30, 2018	Three Months Ended March 31, 2018	Three Months Ended December 31, 2017
	$	$	$	$		$	$	$
Total Revenues	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
Net Income (Loss)	**(119,,390)**	**(103,922)**	**(183,233)**	**(138,160)**	**(106,306)**	**(164,588)**	**(83,193)**	**(85,462)**
Income (Loss) per Share basic and diluted	**(0.01)**	**(0.01)**	**(0.02)**	**(0.01)**	**(0.01)**	**(0.02)**	**(0.01)**	**(0.01)**
Cash	**9,414**	**14,056**	**6,999**	**40,250**	**234,471**	**383,172**	**119,806**	**49,752**
Total Assets	**482,629**	**521,099**	**367,833**	**364,074**	**456,384**	**503,290**	**147,574**	**54,414**
Non-Current Liabilities	**109,476**	**Nil**	**Nil**	**Nil**	**Nil**	**56,000**	**154,059**	**151,203**

Liquidity and Capital Resources

At September 30, 2019, the Issuer had cash and cash equivalents of $9,414 and working capital of $17,231. Working capital improved by $73,749 when compared to the year ended December 31, 2018. This improvement was due to the issuance of 456,000 common shares for proceeds of $114,000, conversion of $185,000 in debt to 740,000 common shares during the nine month period ended September 30, 2019. Working capital is defined as current assets less current liabilities.

The principal changes to the working capital as at September 30, 2019 compared to as at June 30, 2019 are due to: with respect to the current assets, a decrease in cash from $14,056 as at June 30, 2019 to $9,414 as at September 30, 2019; a decrease in GST receivable from $37,810 as at June 30, 2019 to $20,533 as at

September 30, 2019, due to a payment received from Canada Revenue Service; an increase in advances from $18,044 as at June 30, 2019 to $23,411 as at September 30, 2019 due to accruals and a decrease in prepaid amounts from $126,673 as at June 30, 2019 to $89,271 as at September 30, 2019 due to accrual of the prepaid amounts, and with respect to current liabilities, a decrease in trade payable and accrued liabilities from $49,938 as at June 30, 2019 to $46,018 as at September 30, 2019 and a decrease in loans payable from $93,638 as at June 30, 2019 to $37,639 as at September 30, 2019, *see Interest Expense*; a decrease in amount due to related parties from $66,536 as at June 30, 2019 to $32,741 as at September 30, 2019.

The Issuer's Cash flows from financing activities for the nine months ended September 30, 2019 consisted of the issuance of 1,696,000 common shares for proceeds of $424,000.

Cash utilized in operating activities during the nine months ended September 30, 2019 was $257,781 (September 30, 2018: $302,622). The increase in cash utilized in operations was mainly due to an increase in the net loss for the nine month period ending September 30, 2019 of $406,544 from a net loss of $352,939 for the nine month period ended September 30, 2018. During the nine month period ended September 30, 2018 the issuer assumed debt of $Nil (2018 - $4,179) in relation the plan of arrangement with Tower One. During the nine month period ended September 30, 2019, the Issuer had a loss on the conversion of long term debt of $Nil (2018 - $17,268). This loss is attributed to the unamortized discounts on long-term debt balances that were converted to common shares. Long-term debts totaling $95,000 were converted to 380,000 common shares. The $4,063 loss on repayment of long-term debt for the nine month period ended September 30, 2018 relates to the unamortized discount on a long-term debt balance due to a related party that was paid off early (2019 - $Nil). Share based compensation due to issuance of stock options under the Issuers stock option plan for the nine month period ended September 30, 2019 was $22,375 (2018 - $Nil). The Issuer paid a $125,000 finance fee in shares on the initiation of the lines of credit (2018 - $Nil).

At September 30, 2019 share capital was $1,608,675comprised of 12,779,340 issued and outstanding Common Share (December 31, 2018: $1,184,675 comprised of 11,083,340 shares).

Warrant and Option Reserves at September 30, 2019 were $176,491, an increase of $22,375 as compared to the year ended December 31, 2018. On September 16, 2019 the Issuer's board of directors approved the issuance of 100,000 options to purchase securities which may be exercised for up to 5 years at a price of $0.25 Pursuant to the private placement on April 12, 2018, the Company issued 1,614,358 share purchase warrants. Each whole warrant entitles the holder to purchase one common share at a price of $0.35 per share for a period of two years from the date of issue. The warrants were assigned a value of $39,045 using the residual value method.

As a result of the net loss for the nine months ended September 30, 2019 of $406,554, the deficit at September 30, 2019 increased to $1,550,193 from $1,143,649 for the year ended December 31, 2018.

Total equity improved from a deficit of $196,142 at December 31, 2018 to $247,545 at September 30, 2019.

At present, the Issuer's operations do not generate cash inflows and its financial success after September 30, 2019 is dependent on Issuers ability to generate revenues from its proposed cannabis operations and the asset purchase agreement with ForwoRx Therapeutics Inc. Neither of these operations may ever generate any revenues for the Issuer.

On March 15, 2019 the Company entered into agreements to access lines of credit of up to $1.2 million to finance the construction of the Enoch facility and provide working capital. The Lines of Credit have a maturity date of March 31, 2022. Any amount borrowed on the lines of credit is subject to interest at 12% annually. Interest is payable quarterly beginning 365 days from the date the Company receives a standard cultivation license from Health Canada to grow Cannabis. Interest may be paid in cash or shares at the

Lender's discretion. Any amount in default will be subject to interest at 18% annually. Advances are available to the Company until March 31, 2022.

An administrative fee of 500,000 common shares valued at $125,000 was paid to the lenders. Of this amount $31,250 was paid to Robert Charlton a director of the Company. The shares were issued on April 26, 2019.

As of the date of this Management Discussion and Analysis the Company has borrowed $NIL on the lines of credit.

In order to finance the Issuer's future development plans, administrative and overhead expenses in the coming years the Issuer may raise money through equity sales. Many factors influence the Issuer's ability to raise funds, including the Issuer's track record, and the experience and calibre of its management. Actual funding requirements may vary from those planned due to a number of factors, including the progress of the Issuer's Cannabis Act application, issuance of permits and licenses from governments, approval from first nations band councils, construction of facilities, the Issuers ability to grow and sell cannabis profitably and research activities at ForwoRx Therapeutics Inc. Management believes it will be able to raise equity capital as required in the long term, but recognizes there will be risks involved that may be beyond their control. Should those risks fully materialize, it may not be able to raise adequate funds to continue its operations.

Off Balance Sheet Arrangements

There are currently no off -balance sheet arrangements which could have an effect on current or future results or operations or the financial condition of the Company.

Transactions with Related Parties

Transactions with related parties are as follows:

	September 30, 2019	September 30, 2018
Accounting fees to a Company controlled by a director	$ 14,625	$ 12,500
Consulting fees to a Company controlled by a director	9,000	5,000
Consulting fees to a Company controlled by a former director	40,000	53,424
Management fees to the CEO and director	72,000	70,850
Wages to the CEO and director	22,500	11,250
Finance fee to a director (Note 11)	31,250	-
	$ 189,375	$ 153,024

Balance due to Douglas Unwin, CEO and director:

As of September 30, 2019, the Company has $4,075 (December 31, 2018: $7,971) of short-term debt and $19,210 (December 31, 2018: $nil) of long-term debt owing to the CEO and director of the Company. The short-term balance has no set terms of repayment and does not bear interest.

On July 10, 2019, the CEO and director signed an agreement to reclassify $23,000 of outstanding payables as a long-term, convertible promissory note. The note accrues interest at 5% annually and the principal together with the interest are due on July 10, 2022. The note and interest are convertible into common shares at the option of the lender at a conversion price of $0.25 per share. The note was separated into its liability and equity components by first valuing the liability component by discounting its cash flows and assigning the residual value to the equity component. The initial fair value of the debt component was recorded at $18,552 using a discount rate of 12%, and $4,448 was assigned to the equity component to account for the conversion feature. Interest for the period ended September 30, 2019 was $658 (September 30, 2018: $nil), $287 of which relates to interest and $371 relates to accretion.

On April 26, 2019 the CEO and director converted $12,500 of debt into 50,000 shares at a price of $0.25 per share.

On September 20, 2017 the CEO and director signed an agreement which resulted in reclassification of $100,000 of payables as long-term. The debt was due January 1, 2020 and did not bear interest. The initial fair value of the long-term debt was recorded at $76,642 using a discount rate of 12%. An interest benefit of $23,358 was recorded as an equity reserve upon reclassification.

On February 23, 2018 the CEO and director assigned $50,000 of the long-term debt to arm's-length parties. On April 12, 2018 $25,000 of the long-term debt was converted to units at a conversion rate of $0.25 per unit pursuant to a private placement. The Company recorded a loss $4,673 on the conversion related to the unamortized discount. During the year ended December 31, 2018 the remaining long-term debt balance was paid off. The Company recorded a loss $4,063 on repayment relating to the unamortized discount.

Balance due to Robert Charlton, CFO and director:

On September 30, 2019, the Company has $9,338 (December 31, 2018: $4,482) of short-term debt owing to a company controlled by the CFO and director. The amount does not bear interest and has no set terms of repayment.

The Company has $16,704 (December 31, 2018: $nil) of long-term debt due to the CFO and director.
On July 10, 2019, the CFO and director signed an agreement to reclassify $20,000 of outstanding payables as a long-term, convertible promissory note. The note accrues interest at 5% annually and the principal together with the interest are due on July 10, 2022. The note and interest are convertible into common shares at the option of the lender at a conversion price of $0.25 per share. The note was separated into its liability and equity components by first valuing the liability component by discounting its cash flows and assigning the residual value to the equity component. The initial fair value of the debt component was recorded at $16,132 using a discount rate of 12%, and $3,868 was assigned to the equity component to account for the conversion feature. Interest for the period ended September 30, 2019 was $572 (September 30, 2018: $nil), $250 of which relates to interest and $322 relates to accretion.

On April 26, 2019 the director converted $31,250 of debt relating to the finance fee on the line of credit into 125,000 shares (Note 11).

Balance due to Mark van der Horst a former director:

As of September 30, 2019, the Company has a balance of $11,249 (December 31, 2018: $6,999 included in accounts payable and accrued liabilities) of short-term debt, and $18,375 (December 31, 2018: $nil) of long-term debt owing to a Company controlled by a former director. The short-term amount does not bear interest and has no set terms of repayment.

On July 10, 2019, the former director signed an agreement to reclassify $22,000 of outstanding payables as a long-term, convertible promissory note. The note accrues interest at 5% annually and the principal together with the interest are due on July 10, 2022. The note and interest are convertible into common shares at the option of the lender at a conversion price of $0.25 per share. The note was separated into its liability and equity components by first valuing the liability component by discounting its cash flows and assigning the residual value to the equity component. The initial fair value of the debt component was recorded at $17,745 using a discount rate of 12%, and $4,255 was assigned to the equity component to account for the conversion feature. Interest for the period ended September 30, 2019 was $630 (September 30, 2018: $nil), $275 of which relates to interest and $355 relates to accretion.

On April 26, 2019, $15,750 of the balance was converted to 63,000 shares at a price of $0.25 per share.

Balance due to Payson Unwin, son of the CEO and director:

On December 18, 2017 the CEO and director assigned $20,000 of debt to this individual, which resulted in reclassification of the payable as long-term. The debt was due on September 30, 2019 and did not bear interest. The initial fair value of the debt was recorded at $16,262 using a discount rate of 12%. An interest benefit of $3,738 was recorded as an equity reserve upon reclassification.

On April 12, 2018 the entire balance was converted to 80,000 units at a conversion rate of $0.25 per unit pursuant to a private placement (Note 10). The Company recorded a loss $3,250 on the conversion relating to the unamortized discount on the long-term debt.

Other balances due to related parties:

As September 30, 2019, the Company has $100 (December 31, 2018: $100) owing to Nick Horsley former director of the Company. The amount does not bear interest and has no set terms of repayment.

Subsequent Events

There have been no subsequent events from September 30, 2019 to the date of this Management Discussion and Analysis.

Other MD&A Requirements

Additional Information relating to the Issuer may be found in the Issuer's audited financial statements for the fiscal year ended December 31, 2018, the fiscal year ended December 31, 2017, and the period from Incorporation March 6, 2016 to December 31, 2016 and the unaudited interim financial statements for the nine months ended September 30, 2019 and the nine month period ended September 30, 2018.

Additional Disclosure for Venture Issuers Without Significant Revenue

The following table sets forth material cost for the Issuer, which has been derived from the Issuer's unaudited financial statements for the nine months ended September 30, 2019 and the nine month period ended September 30, 2018. This summary should be read in conjunction with the Issuer's un-audited financial statements for the nine months ended September 30, 2019 and the nine month period ended September 30, 2018.

Material Costs	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Consulting fees	$110,211	$136,263
Legal fees	100	16,011
Management fees	72,000	70,850
Finance Fee	125,000	Nil
Capitalized Research	10,000	Nil
Share-based compensation	22,375	Nil
Total Expenses	406,544	(306,929)
Net loss and comprehensive loss	(406,544)	$(352,939)

Proposed Transactions

As at the date of this Management Discussion and Analysis there are no transactions currently contemplated by the Issuer, other than the cannabis growing operations.

Financial Instruments and Other Instruments

The Issuer's financial instruments consist of cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities and amounts due to shareholders. Unless otherwise noted, it is management's opinion that the Issuer is not exposed to significant interest, currency or credit risks arising from financial instruments. The fair value of, cash and cash equivalents, amounts receivable and accounts payable and accrued liabilities approximates their carrying value due to their short-term maturity or capacity for prompt liquidation.

Disclosure of Outstanding Share Data

As at September 30, 2019, the Issuer had an unlimited number of authorized common shares with 12,779,340 common shares issued and outstanding.

As at September 30, 2019 the issuer had 1,125,000 options outstanding. Each option has an exercise price as detailed in the table below.

As at September 30, 2019 the Issuer had 1,976,691 warrants outstanding. Pursuant to the private placement on April 12, 2018, the Company issued 1,614,358 share purchase warrants. Each whole warrant entitles the holder to purchase one common share at a price of $0.35 per share for a period of two years from the date of issue. The warrants were assigned a value of $39,045 using the residual value method.

The following table shows the details for the outstanding warrants and options:

Description of Security (include conversion / exercise terms, including conversion / exercise price)	Number of convertible / exchangeable securities outstanding	Number of listed securities issuable upon conversion / exercise
Warrants 1 whole warrant exercisable at $3.00 up until October 8, 2019	72,000	72,000
Warrants 1 whole warrant exercisable at $3.00 up until October 18, 2019	66,000	66,000
Warrants 1 whole warrant exercisable at $3.00 up until November 5, 2019	224,333	224,333
Warrants 1 whole warrant exercisable at $0.35 up until April 12, 2020	1,614,358	1,614,358
Options expiring October 31, 2021 with an exercise price of $0.10	100,000	100,000
Options expiring January 18, 2022 with an exercise price of $0.10	25,000	25,000
Options expiring July 10, 2022 with an exercise price of $0.10	340,000	340,000
Options expiring September 21, 2022 with an exercise price of $0.10	220,000	220,000
Options expiring October 18, 2023 with an exercise price of $0.25	320,000	320,000
Options expiring August 23, 2024 with an exercise price of $0.25	20,000	20,000
Options expiring September 16, 2024 with an exercise price of $0.25	100,000	100,000