

COMMONWEALTH CANNABIS CORP.
(formerly Blue Aqua Holdings Ltd.)

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE
COMPANY'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS
FOR NINE MONTHS ENDED JUNE 30, 2019**

August 27, 2019

This Management Discussion and Analysis ("MD&A") of Commonwealth Cannabis Corp. (formerly, Blue Aqua Holdings Ltd.) ("Commonwealth" or the "Company") has been prepared by management as of August 27, 2019 and should be read together with the quarterly financial statements and related notes for the period ended June 30, 2019 which are prepared in accordance with International Financial Reporting Standards ("IFRS"). Additional information regarding the Company can be found on SEDAR at www.sedar.com. All of the following amounts are expressed in Canadian dollars unless otherwise stated.

FORWARD LOOKING STATEMENTS

The information set forth in this MD&A contains statements concerning future results, future performance, intentions, objectives, plans and expectations that are, or may be deemed to be, forward-looking statements. These statements concerning possible or assumed future results of operations of the Company are preceded by, followed by or include the words 'believes,' 'expects,' 'anticipates,' 'estimates,' 'intends,' 'plans,' 'forecasts,' or similar expressions. Forward-looking statements are not guarantees of future performance. These forward-looking statements are based on current expectations that involve numerous risks and uncertainties, including, but not limited to, those identified in the Risks Factors section. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate. These factors should be considered carefully, and readers should not place undue reliance on forward-looking statements. The Company may not provide updates or revise any forward-looking statements, except those otherwise required under paragraph 5.8(2) of NI 51-102, whether written or oral that may be made by or on the Company's behalf.

Overall Performance

Commonwealth operates in the cannabis sector.

Commonwealth Cannabis is actively evaluating assets involved in the cultivation of industrial hemp, as well as the extraction of Cannabidiol (“CBD”). The Company is looking to pursue opportunities surrounding the complete lifecycle of industrial hemp cultivation, including growing, harvesting, drying, curing, inspecting, and packaging. In contrast to cannabis for medical use, varieties grown for fiber and seed have less than 0.3% THC and are unsuitable for producing hashish and marijuana. Present in industrial hemp, cannabidiol is a major constituent among some 560 compounds found in hemp.

The Company’s office is located at 372-1917 West 4th Ave. Vancouver, BC V6J 1M7

On September 30, 2016, prior to incorporation of the Company, Monterey Minerals Inc. (“Monterey”) signed a letter of intent (“LOI”) with Railhead Resources Ltd. (the “Purchaser”) to form a newly incorporated wholly-owned subsidiary (Subco) to a facilitate transaction in which Subco would purchase all of the issued and outstanding capital stock from the Purchaser’s shareholders and be spun-out from Monterey as a separate reporting issuer pursuant to a court approved plan of arrangement (the “Arrangement”).

On October 19, 2016, the Company was incorporated as 1093684 B.C. Ltd., under the laws of British Columbia, Canada, as the Subco of Monterey to conduct the Arrangement transaction.

On November 29, 2016, Monterey received court approval for its 2016 Plan of Arrangement (“2016 PoA”) pursuant to which the LOI and \$1,000 cash (the “Assets”) are to be transferred to Blue Aqua and subsequently divested (spun out) pursuant to the 2016 PoA. The Company has set the share distribution record date for the 2016 PoA as holders of record of Monterey as of close of business on April 18, 2018. The LOI has no determinable fair market value.

On March 28, 2018, the Company changed its name to Blue Aqua Holdings Ltd.

On June 12, 2018, the spin out of the Company from Monterey was completed through the authorization and issuance of 101,054 common shares to Monterey shareholders and the 10 incorporator shares were returned to treasury and cancelled pursuant to divesting the Company from Monterey under the Arrangement. the Company also issued 50,000 common shares to a director, in settlement of \$10,000 in management fees payable.

On October 1, 2019 the Company changed its business to cannabis sector.

On December 14, 2018, the Company changed its name to Commonwealth Cannabis Corp.

SELECT ANNUAL INFORMATION AND RESULTS OF OPERATIONS

As at June 30, 2019, the Company had total assets of \$1,213,171 (2018: \$424,058). As at June 30, 2019, the Company had current liability of \$7,189 (2018: \$3,300) and non-current liabilities of \$100,000 (2018: \$nil).

For nine months ended June 30, 2019, the Company reported a net loss of \$193,577 (2018: \$18,456). The losses for the nine months ended June 30, 2019 comprised of general and administrative fees of \$28,104 (2018: \$2,064), professional fees of \$63,710 (2018: \$1,292), management fees of \$1,000 (2018: \$10,000), Audit Fees of \$10,789 (2018: \$5,100), and consulting fees of \$89,965 (2018: \$nil).

SUMMARY OF QUARTERLY RESULTS

The Company's results of operations for previous eight quarters have been presented in the table below.

	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
	2019	2019	2019	2018	2018	2018	2018	2017
Net Loss for the Period	\$ (36,279)	\$ (105,686)	\$ (51,611)	\$ (14,232)	\$ (18,456)	-	-	-
Loss per Share	\$ (0.00)	\$ (0.03)	\$ (0.34)	\$ (0.14)	\$ (0.18)	-	-	-

LIQUIDITY AND CAPITAL RESOURCES

The Company reported working capital of \$1,205,982 at June 30, 2019 and cash of \$966,545. Current liabilities as at June 30, 2019 consisted of accounts payable of \$7,189.

During the period from inception on October 19, 2016 to September 30, 2017, the Company issued 100 common shares for proceeds of \$1 to the incorporator that were transferred to Monterey Minerals Inc. On June 12, 2018, in accordance with the plan of arrangement, the Company issued 101,054 common shares with a fair value of \$1,000 to shareholders of Monterey Minerals Inc.

On June 12, 2018, the Company issued 50,000 common shares to a director, in settlement of \$10,000 in management fees payable.

On January 31, 2019 the Company issued 8,552,000 common shares at \$0.10 per share for a total proceeds of \$855,200.

On January 31, 2019 the Company issued 855,200 common shares for a total proceeds of \$855,200.

On October 1, 2018, the Company issued 1,180,000 Special Warrants at \$0.02 per Special Warrant for total proceeds of \$23,600 and completed a non-brokered private placement of 23,320,000 special warrants in the capital stock of the Company at a price of \$0.02 per Special Warrant for total proceeds of \$466,400. 22,140,000 Special Warrants for a total proceeds of \$442,800 were issued prior to October 1, 2018

LIQUIDITY AND CAPITAL RESOURCES (continued)

Each Special Warrant is exercisable by the holder to receive one common share of the Company (a "Share") for no additional consideration

On Feb 4, 2019 all outstanding warrants were exercised for no further consideration into 2,332,000 of Company's common shares.

The Company may continue to have capital requirements in excess of its currently available resources. In the event the Company's plans change, its assumptions change or prove inaccurate, or its capital resources in addition to projected cash flow, if any, prove to be insufficient to fund operations, the Company may be required to seek additional financing. There can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that additional financing will be available on terms acceptable to the Company in the future.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not utilize off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

During the nine months ended June 30, 2019, the Company:

- a. incurred consulting expense \$1,500 to a director of the Company
- b. incurred management fee expense of \$1,000 to a former director.
- c. Incurred consulting expense of \$9,000 to the CFO of the Company.

PROPOSED TRANSACTIONS

On October 31, 2018, the Company entered into an agreement with The Orley Group Pty Ltd. ("Orley"), an Australian company, and the shareholders of Orley, for the acquisition of a 51% interest in Orley, for a total purchase price of AUS\$996,600, paid with the issuance of a promissory note to Orley. In connection with the acquisition. The Company also entered into loan assignment agreement with an existing creditor of Orley, pursuant to which it took the assignment of a loan agreement between Orley and the creditor in the amount of AUS\$100,000, together with all related security interests and agreements. The consideration for the assignment of the loan agreement and underlying debt was CDN\$95,000 which has been paid by the Company to the creditor. Orley is in the business to grow produce and manage hemp seeds and stems for the Australian market as well as other Pacific Rim and Asian countries.

CRITICAL ACCOUNTING ESTIMATES

Not applicable for Venture Issuers.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The carrying amounts of cash and accounts payable approximate fair value because of the short-term maturity of these items.

SUBSEQUENT EVENTS

None

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The information provided in this report as referenced from the Company's consolidated financial statements for the referenced reporting period is the sole responsibility of management. In the preparation of the information along with related and accompanying statements and estimates contained herein, management uses careful judgement in assessing the values (or future values) of certain assets or liabilities. It is the opinion of management that such estimates are fair and accurate as presented.

OTHER REQUIREMENTS

Summary of Outstanding Securities as at August 27, 2019

Authorized: Unlimited number of common shares without par value.

Issued and outstanding: 11,035,054 Common Shares