

CANADABIS CAPITAL INC.
(A Capital Pool Company)

FORM 51-102F1
MANAGEMENT DISCUSSION AND ANALYSIS
NINE MONTHS ENDED SEPTEMBER 30, 2018

(Presented in Canadian Dollars)

Introduction

The following management discussion and analysis, ("MD&A") for *CanadaBis Capital Inc.* ("the Company") is prepared as of November 20, 2018 and should be read together with the Condensed Interim Financial Statements for the nine months ended September 30, 2018 and related notes attached thereto. The Company's Unaudited Condensed Interim Financial Statements for the nine months ended September 30, 2018 have been prepared in accordance with IAS 34 "Interim Financial Reporting" and the IFRS accounting policies the Company adopted in its IFRS Annual Financial Statements as at and for the year ended December 31, 2017. The Company's accounting policies are provided in Note 3 "Significant accounting policies" to the Annual Financial Statements for the year ended December 31, 2017. All dollar amounts are in Canadian dollars, unless otherwise noted.

The Company's common shares trade on the TSX Venture Exchange under the symbol "CANB". The Company's most recent filings are available on System for Electronic Document Analysis and Retrieval ("Sedar") and can be accessed at www.sedar.com.

Description of Business

The Company was incorporated under the *Business Corporations Act* (Alberta) on November 29, 2016. Its head office is located at 4303 – 9th Street SE, Calgary, Alberta, T2G 3C8. As the Company chose a December 31 year-end and, due to the short period between incorporation and the 2016 year-end, the Company recorded a thirteen-month period for its 2017 fiscal year. Consequently, comparative information for the period ended September 30, 2017 reflects a ten-month period.

On March 7, 2017, the Company completed its initial public offering (the "Offering") of 5,000,000 common shares at a price of \$0.10 per common share for gross proceeds of \$500,000 and filed for listing as a Capital Pool Company ("CPC") on the TSX Venture Exchange. Richardson GMP Limited (the "Agent") acted as agent on the offering. The common shares of CanadaBis commenced trading on the TSX Venture Exchange ("TSXV") on March 10, 2017, under the trading symbol CANB.P.

The principal business of the Company is the identification and evaluation of assets or a business (Qualifying Transaction) and, once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval, if required, and acceptance by regulatory authorities. Qualifying Transaction means a transaction where a CPC acquires significant assets, other than cash, by the way of purchase, amalgamation merger or arrangement with another company or by other means. Its planned principal operations have not commenced.

Significant Events and Transactions During the Nine months Ended September 30, 2018

During the nine months ended September 30, 2018 the Company signed a letter of intent dated July 19, 2018, (the "LOI") with 1926360 Alberta Ltd., a private Alberta company operating as Stigma Pharmaceuticals, ("Stigma"), a life sciences products company which specializes in the growth and marketing of medical cannabis and cannabis products and has a facility in Alberta, Canada. The LOI outlined the general terms and conditions pursuant to which the Company and Stigma would be willing to complete a transaction that would result in a reverse take-over of the Company by the security holders of Stigma and was intended to constitute the "qualifying transaction" of the Company under Policy 2.4 – *Capital Pool Companies* of the TSX Venture Exchange (the "TSXV").

Events Subsequent to September 30, 2018

Subsequent to September 30, 2018, and further to the Letter of Intent discussed above, the Company entered into an amalgamation agreement, (the "Amalgamation Agreement"), pursuant to which a subsidiary of the Company will amalgamate with Stigma. The Company's subsidiary, 2146541 Alberta Ltd., ("The Subsidiary"), will amalgamate with Stigma, with each shareholder of Stigma receiving one common share of CanadaBis for every common share of Stigma that he/she holds. The amalgamated company, (the "Resulting Issuer"), will be the reporting issuer going forward. The transaction, if it receives all regulatory approvals, is expected to constitute a

CanadaBis Capital Inc.
Management's Discussion & Analysis
For The Nine Months
Ended September 30, 2018

Qualifying Transaction of CanadaBis pursuant to TSXV Policy 2.4 Capital Pool Companies. Upon completion thereof, the Company will be a Tier 2 Life Sciences Issuer engaged in the business of the growth and marketing of medical cannabis and cannabis products.

Immediately after the completion of the amalgamation, on a non-diluted basis, the former shareholders of Stigma will own approximately 90,060,000 CanadaBis common shares representing 93.27% of the shares of the Resulting Issuer, including shares issued in connection with the Escrow Transfer described below. The existing shareholders of CanadaBis will own 6,500,000 of the Resulting Issuer common shares or 6.73%. A value of \$0.27 per share has been placed on the CanadaBis common shares issued in connection with the amalgamation, resulting in total consideration paid to Stigma common shareholders of approximately \$24.32 million.

On or prior to the close of the Qualifying Transaction, subject to Stock Exchange approval, an aggregate of 1,500,000 common shares of CanadaBis shall be transferred from the current directors of CanadaBis to Stigma or its assignees at a purchase price of \$0.05 per common share, (the "Escrow Transfer"). Existing Directors' and Agents' stock options described in Note 4 to the Condensed Interim Financial Statements will remain in effect after the transaction, subject to early termination in accordance with their terms.

As a condition of the transaction, Stigma must complete a financing, from arm's length investors, in a minimum amount of \$4 million in additional funds, by the issuance of Stigma common shares, (the "Financing"). The proceeds of the financing will be used by the Resulting Issuer for improvements to Stigma's facility, the purchase of equipment, and general and administrative expenses.

The closing of the Amalgamation Agreement is subject to satisfaction or waiver of terms and conditions, customary or otherwise, including all other applicable approvals including but not limited to the approval of the shareholders of Stigma and the TSXV. There can be no assurance that the Amalgamation will be completed as proposed or at all.

For further information refer to the Company's news releases dated August 1, 2018 and October 17, 2018.

Overall Performance

As at September 30, 2018, the Company had \$400,879 in cash and working capital was \$392,359. The Company incurred a net loss of \$63,232 during the nine-month period ended September 30, 2018.

Summary of Quarterly Results

	Three-month period ended September 30, 2018	Three- month period ended June 30, 2018	Three-month period ended March 31, 2018	Three- month period ended December 31, 2017	Three- month period ended September 30, 2017	Three- month period ended June 30, 2017	Four- month period ended March 31, 2017
Total assets	\$400,879	\$417,088	\$430,562	\$469,896	\$480,261	\$491,125	\$503,265
Working capital	392,359	407,148	424,865	455,591	479,946	485,015	501,320
Shareholders' equity	392,359	407,148	424,865	455,591	479,946	485,015	501,320
Loss and comprehensive loss	(14,789)	(17,717)	(30,726)	(24,355)	(5,069)	(16,304)	(116,781)*
Loss per share	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$(0.03)

*Loss and comprehensive loss for the four months ended March 31, 2017 has been adjusted to reflect an audit adjustment which reclassified \$13,127 of professional fees from expenses to share issue costs, (a net reduction to expenses and loss of \$13,127 and a reduction to share capital of \$13,127), and increased stock-based compensation expense by \$8,897 (a net increase to expenses of \$8,897 and an increase to stock-based payment reserve of \$8,897).

CanadaBis Capital Inc.
Management's Discussion & Analysis
For The Nine Months
Ended September 30, 2018

The Company was incorporated on November 29, 2016. The Company chose a December 31 year-end and, due to the short period between incorporation and the 2016 year-end, the Company recorded a thirteen-month period for its 2017 fiscal year and a ten-month period for the first three quarters of the 2017 year. During the period from incorporation on November 29, 2016 to November 30, 2016, the Company issued 3,000,000 common shares at a price of \$0.05 per share for gross proceeds of \$150,000 pursuant to a private placement. All common shares issued are subject to escrow restrictions which are discussed in more detail in Note 4 to the Financial Statements. At November 30, 2016 the Company had \$150,000 in each of total assets, working capital and shareholders' equity. The loss in the first quarter of fiscal 2017 is substantially larger than that in the second, third and fourth quarters of 2017 and the first, second and third quarters of 2018 due to various expenses that were incurred to incorporate the Company and list it on the stock exchange as well as the inclusion of the non-cash expense of stock-based compensation in the amount of \$77,397 which was associated with the granting of stock options to directors.

Results of Operations

The three-month period ended September 30, 2018:

During the three-month period ended September 30, 2018, the Company had a loss and comprehensive loss of \$14,789, (\$5,069 – September 30, 2017). The loss was comprised of the following items:

	Three months ended September 30, 2018	Three months ended September 30, 2017
General and administrative expenses	\$ 1,821	\$ 1,253
Professional fees	2,862	3,658
Due diligence for prospective business review	10,106	-
Registration and filing fees	-	158
Loss and comprehensive loss for the period	\$(14,789)	\$ (5,069)

See below for a general discussion of the accounts that comprise the above expense categories. Amounts in the three month periods and variances from period to period are not significant.

The nine-month period ended September 30, 2018:

During the nine-month period ended September 30, 2018, the Company had a loss and comprehensive loss of \$63,232, (\$138,154 – ten-month period ended September 30, 2017). The loss was comprised of the following items:

	Nine months ended September 30, 2018	Ten months ended September 30, 2017
General and administrative expenses	\$ 6,540	\$ 7,907
Professional fees	18,257	18,732*
Due diligence for prospective business review	32,975	5,840
Registration and filing fees	5,460	28,278
Stock-based compensation expense	-	77,397*
Loss and comprehensive loss for the period	\$(63,232)	\$ (138,154)

*as adjusted – see summary of quarterly results and Note 12 to the Condensed Interim Financial Statements.

CanadaBis Capital Inc.
Management's Discussion & Analysis
For The Nine Months
Ended September 30, 2018

Professional fees of \$18,257 in the current period are comprised of \$163 for audit fees, \$10,184 for legal fees and \$7,910 for accounting fees. Professional fees of \$18,732 during the ten months ended September 30, 2017 were comprised of audit and accounting fees that pertained to the completion and filing of the prospectus offering and costs associated with incorporating the business. The due diligence for prospective business review represents costs incurred to evaluate proposed Qualifying Transactions and legal fees related to the legal documents associated therewith. Registration and filing fees relate to stock exchange and other regulatory fees. The comparative amounts include these and the mandatory fees required to complete the prospectus that was issued pursuant to the initial public offering. Stock-based compensation expense in the comparative period of \$77,397 reflects the value of stock options granted to the Directors. The valuation method and assumptions are outlined in Note 6 to the Condensed Interim Financial Statements.

Related Party Transactions

The Company engaged Oakridge Financial Management Inc., (Oakridge), to assist in the accounting, administration and submissions to the TSX-V and Canada Revenue Agency. Mr. Smith, President and Director of CanadaBis, is the sole shareholder of Oakridge. The Company has incurred costs of approximately \$6,300 which have been billed by Oakridge during the nine months ended September 30, 2018, (\$5,900 during the ten months ended September 30, 2017). Included in accounts payable and accrued liabilities at September 30, 2018 is \$1,197 due to Oakridge for these services.

Key Management Compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and members of the Board of Directors.

Apart from stock options, which were granted to directors and are discussed under "Outstanding Share Data" below, there was no compensation paid to key management during the nine months ended September 30, 2018.

Liquidity and Capital Resources

The financial statements have been prepared on a going concern basis which assumes that the Company will be able realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017
Working capital	\$ 392,359	\$ 407,148	\$ 424,865	\$ 455,591	\$ 479,946	\$485,015	\$501,320
Deficit	\$ (225,741)	\$ (210,952)	\$ (193,235)	\$ (162,509)*	\$ (138,154)*	\$ (133,085)*	\$ (116,781)*

* as adjusted – see summary of quarterly results and Note 12 to the Condensed Interim Financial Statements.

Liquidity was provided by the issuance of common shares for cash through the initial private placement and the Initial Public Offering discussed above under Description of Business. Cash was utilized to pay for the costs of issuing the shares including directly related professional fees, stock exchange fees, transfer agent fees and agents' commissions. Further cash was utilized for various administrative expenses including professional fees and other costs associated with the Offering Document. The magnitude of these expenses would not be considered indicative of future operations. In the near future, the bulk of available cash will be directed towards the search for and acquisition of a business that will meet the regulatory requirements of a Qualifying Transaction.

There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. If adequate financing is not available when required, the Company may be required to delay, scale back or eliminate various programs and may be unable to continue in operation. The Company may seek such additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

The Company has sufficient funds to cover anticipated administrative expenses for the next 12 months. However, the completion of a Qualifying Transaction will require additional financing.

Financial Instruments and Risk Management

Fair value

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

The fair value of the Company's accounts payable and accrued liabilities approximates their carrying value. The Company's other financial instrument, being cash, is measured at fair value using Level 1 inputs.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The Company has deposited the cash with its bank from which management believes the risk of loss is remote.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet liabilities when due. Accounts payable and accrued liabilities are due within the current operating period. The Company has a sufficient cash balance to settle current liabilities.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(d) Currency risk

The Company's current operations and financing activities are conducted in Canadian dollars and as a result, the Company is not subject to significant exposure to market risks from changes in foreign currency rates.

(e) *Interest rate risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk, from time to time, on its cash balances. Surplus cash, if any, is placed on call with financial institutions and management actively negotiates favorable market related interest rates.

Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to pursue the completion of a Qualifying Transaction. Therefore, the Company monitors the level of risk incurred in its expenditures relative to its capital structure.

The Company considers its capital structure to consist of components of shareholders' equity. The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the potential underlying assets. To maintain or adjust the capital structure, the Company may issue new equity if available on favorable terms and approved by the TSX-V.

As a CPC, the Company is subject to externally imposed cash restrictions as outlined in TSX-V Policy 2.4. The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the issuance of shares or \$210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company consequently the Company is restricted to \$195,000. These restrictions apply until completion of a Qualifying Transaction by the Company.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements as at September 30, 2018.

Outstanding Share Data

The following table summarizes the Company's outstanding share data as of the date of this Management Discussion and Analysis:

	Number of shares issued or issuable
Common shares	8,000,000
Directors' options	800,000
Agent's options	500,000

Certain of the common shares are subject to escrow restrictions, (3,000,000 as at September 30, 2018), which will be released from escrow in tranches over 36 months after the date that the Company receives final Exchange acceptance of the Qualifying Transaction.

On March 7, 2017, the Company granted to its directors a total of 800,000 incentive stock options exercisable at \$0.10 for a period of 5 years from the date of grant. These options may not be exercised prior to the completion of the Qualifying Transaction unless the optionee deposits the shares acquired into escrow until the issuance of the final exchange bulletin.

Pursuant to the Initial Public Offering, the Company granted 500,000 options to the Agent which may be exercised at \$0.10 per share to March 7, 2019.

Critical Judgments and Estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates are accounted for prospectively.

All of the Company's significant accounting policies and estimates are included in Notes 2 and 3 of the Audited Financial Statements and Notes 2 and 3 of the Condensed Interim Financial Statements for the nine-month period ended September 30, 2018.

New Standards Not Yet Adopted

IFRS 9, *Financial Instruments*, is part of IASB's wider project to replace IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. This final version of IFRS 9 will be effective for the Company's fiscal periods beginning on or after January 1, 2018, with early adoption permitted. At this early stage in the Company's development, its financial statements are not materially affected by this new standard.

Risks and Uncertainties

The Company does not have a history of earnings and has not paid dividends. It is unlikely to generate earnings or pay dividends in the immediate or foreseeable future. The Company was only recently incorporated, does not own any ongoing business operations and has no assets other than cash. There is no assurance that the Company will identify and successfully negotiate the acquisition of any potential corporations, properties, assets or businesses, or any interests therein, nor that any such opportunities or businesses acquired will be profitable. Moreover, additional funds may be required to successfully complete an acquisition, and the Company may not be able to obtain such financing or may not be able to raise sufficient funds to take a meaningful position in a potential target. If the acquisition is financed by the issuance of shares from the Company's treasury, control of the Company may change and shareholders may suffer additional dilution. The directors and the officers of the Company will only be devoting a portion of their time to the affairs of the Company. Potential conflicts of interest may result from the ordinary course of business of the Company in its interactions with the directors and the officers of the Company. The directors and the officers of the Company currently beneficially own, directly or indirectly, 37.5% of the issued and outstanding common shares.

The TSX-V may suspend from trading or delist the common shares of the Company if it has failed to complete a Qualifying Transaction within 24 months of the date of listing. The Company may be issued an interim cease trade order if the common shares are suspended or delisted from trading on the TSX-V. In addition, delisting of the common shares will result in the cancellation of all of the currently issued and outstanding common shares held by insiders that are discount seed shares within the meaning of the CPC Policy.

Outlook

The Company's current objective is to identify and evaluate assets or a business to acquire which will serve as its Qualifying Transaction subject to shareholder and regulatory approval. As discussed in Note 13 to the Condensed Interim Financial Statements, and in "Events Subsequent to September 30, 2018" above, the Company has entered into an Amalgamation Agreement subsequent to period end, that is further to a Letter of Intent that was signed in July 2018. If all required prerequisites including TSXV approval are met, the result will be that the Company will

have completed a Qualifying Transaction, and the amalgamated company will be a Tier 2 Life Sciences Issuer engaged in the business of the growth and marketing of medical cannabis and cannabis products.

Corporate Governance

The Company's Board of Directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The Audit Committee of the Company fulfills its role of ensuring the integrity of the reported information through its review of the interim and audited annual financial statements prior to their submission to the Board of Directors for approval. The Audit Committee, comprised of three directors, all of whom are independent, meets with management of the Company on a quarterly basis to review the financial statements, including the MD&A, and to discuss other financial, operating and internal control matters as required.

Forward-Looking Statements

Certain information included in this discussion may constitute forward-looking statements. Readers are cautioned not to put undue reliance on forward-looking statements. These statements relate to future events or the Company's future performance, business prospects or opportunities. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements contained in this report should not be unduly relied upon. These statements speak only as of the date of this report. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this report. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about general business and economic conditions; the availability of financing for the Qualifying Transaction and for future operations of any business acquired through the Qualifying Transaction; the ability to attract and retain skilled staff and the future market for any product or service that would be offered by the business acquired through the Qualifying Transaction.

These forward-looking statements involve risks and uncertainties that are discussed in detail above under Risks and Uncertainties. Actual results may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, the risk factors discussed above. **Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur. The Company cautions that the foregoing list of important factors is not exhaustive. Investors and others who base their actions and decisions on the Company's forward-looking statements should carefully consider the above factors as well as the uncertainties they represent and the risk they entail. The forward-looking statements contained in this report are expressly qualified by this cautionary statement.**

Management's Responsibility for MD&A

The information provided in this MD&A is the responsibility of management. In the preparation of the MD&A estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in this MD&A.