



MANAGEMENT'S DISCUSSION AND ANALYSIS

As at October 31, 2019 and for the three months ended October 31, 2019 and 2018

CanadaBis Capital Inc.

Management Discussion & Analysis

As at October 31, 2019 and for the three months ended October 31, 2019 and 2018

The following Management's Discussion and Analysis ("MD&A") of financial results as provided by the management of CanadaBis Capital Inc. and its subsidiaries (1926360 Alberta Ltd., 1998643 Alberta Ltd., Full Spectrum Labs Ltd., 2103157 Alberta Ltd. and Goldstream Cannabis Inc.) ("CanadaBis" or the "Company") should be read in conjunction with the Company's audited financial statements as at July 31, 2019. This commentary is based on information available as at December 23, 2019. All tabular amounts are presented in Canadian dollars, unless otherwise noted. The Company's registered address is Suite 2000, 530 – 8th Ave SW, Calgary, Alberta. Information on the Company can be found at www.CanadaBis.com.

CanadaBis is a publicly traded corporation whose principal business objective is the production and distribution of cannabis in Canada pursuant to the Cannabis Act. The Company does not engage in any cannabis-related activities in the United States as defined in Canadian Securities Administrators Staff Notice 51-352.

2020 HIGHLIGHTS

- On August 13, 2019, the Company acquired 95% of the outstanding shares of Goldstream Cannabis Inc., which holds the rights to access 13 acres of land on Vancouver Island, BC, which is already zoned for cannabis production, in addition to \$2,000,000 cash. The transaction was valued at \$3.5 million with consideration consisting of 11,666,666 common shares of CanadaBis at \$0.30 per share;
- On October 5, 2019, the Company opened its first cannabis retail store, operating as "INIDICative Collection", serving customers in Red Deer, Alberta; and
- The Company has completed its two test lots and has applied to Health Canada to amend its existing sales license to include dried flower. Upon receiving approval for the amendment, CanadaBis will be able to sell dried flower to AGLC for further sale and distribution to cannabis retailers.

BACKGROUND & STRATEGIC TRANSACTIONS

CanadaBis is a participant in the Canadian recreational market for cannabis. The value proposition of the Company is as follows:

- Deliver quality products and services to the market;
- Provide a range of products which aim to target chronic pain, migraines, sleeping disorders and anxiety (including alternative delivery methods to the consumption of dried cannabis);
- Establish an ongoing program for production research and development;
- Become a responsible Licensed Producer and Retailer with the capacity to provide detail traceability to every gram produced and sold; and
- Support education initiatives within the industry to educate consumers on cannabis and its use.

The Company has been working in close collaboration with third parties to construct a planned 66,000 square foot cultivation facility. Approximately 22,000 square feet of the building has been developed and equipped for initial capacity to grow 225 kg of cannabis per year. On April 1, 2019, the Company entered into a lease with an option to purchase related to the cannabis cultivation facility. Under the terms of the lease, monthly payments are to consist of operating costs associated with the building. The lease had a five-year term with an option to purchase the facility for \$4.2 million.

Effective March 8, 2019 the Company has received its cultivation license, allowing it to possess, obtain and produce cannabis. In addition, the Company is able to sell cannabis under subsection 11(5) and subsection 17(5) of the Cannabis Regulations.

On April 15, 2019, CanadaBis acquired the land, for which the Company's cultivation facility is affixed, for \$1.8 million. Consideration consisted of \$0.9 million in cash and \$0.9 million in a mortgage payable to the vendor over 5 years at 6% interest per annum.

On April 26, 2019, the Company closed its previously announced Qualifying Transaction (the "Qualifying Transaction"). Pursuant to the amalgamation agreement dated October 1, 2018, between the Company and a capital pool company, a subsidiary of the capital pool company

CanadaBis Capital Inc. Management Discussion & Analysis

As at October 31, 2019 and for the three months ended October 31, 2019 and 2018

amalgamated with 1926360 Alberta Ltd. The shareholders of 1926360 Alberta Ltd. each received one common share of the capital pool company for every common share held in 1926360 Alberta Ltd. The transaction constitutes a Qualifying Transaction pursuant to TSXV Policy 2.4 "Capital Pool Companies" and received exchange approval on April 26, 2019. Upon completion of the transaction, the resulting entity is a Tier 2 Life Sciences Issuer.

On July 9, 2019, the Company acquired 2103157 Alberta Ltd., a cannabis retail store operating as "INDICative Collection", for a purchase price of \$100 cash, representing the original cost of the entity (the "Retail Transaction"). At the closing date of the acquisition, INDICative Collection consisted of a retail location with a cannabis development permit, a fixed-term mortgage of \$750,000 with a term of 19 years incurring interest at prime + 1.8% and a \$250,000, 8% vendor-take-back mortgage with interest and principle repayable in January 2021. Subsequent to year-end, INDICative Collection is fully operational and serving customers in Red Deer, Alberta.

On July 24, 2019, the Company acquired Full Spectrum Labs Ltd., a cannabis extraction company holding the physical equipment and intellectual property capable of producing a wide variety of cannabis products (the "Full Spectrum Transaction"). The transaction was valued at \$2 million with consideration consisting of 6,666,666 common shares of CanadaBis at \$0.30 per share. Full Spectrum will position the Company to be an active participant in the upcoming extracts and edibles market, which is expected to be legalized prior to the end of calendar 2019.

On August 13, 2019, the Company acquired 95% of Goldstream Cannabis Inc., a cannabis company holding \$2 million in cash and access to 13 acres of undeveloped land, already zoned for cannabis production, located on Vancouver Island, British Columbia (the "Goldstream Transactions"). The transaction was valued at \$3.5 million with consideration consisting of 11,666,666 common shares of CanadaBis at \$0.30 per share.

On August 23, 2019, the Company exercised this option to acquire the building for consideration of \$4.2 million, consisting of \$0.7 million in cash and a \$3.5 million fixed term mortgage.

The Company has completed its two test lots and has applied to Health Canada to amend its existing sales license to include dried flower. Upon receiving approval for the amendment, CanadaBis will be able to sell dried flower to AGLC for further sale and distribution to cannabis retailers.

CanadaBis Capital Inc.

Management Discussion & Analysis

As at October 31, 2019 and for the three months ended October 31, 2019 and 2018

NET LOSS

| | Three months ended Oct 31, <u>2019</u> | Three months ended Oct 31, <u>2018</u> |
|--|--|--|
| Revenue | | |
| Retail revenue | 52,709 | - |
| Cost of Sales | | |
| Cash cost of goods sold - Retail | 35,126 | - |
| Fair value adjustment of inventory | 62,048 | - |
| Fair value adjustment of biological assets | (12,589) | - |
| Gross Margin | <u>31,876</u> | - |
| General and administration | | |
| Salaries and wages | 383,387 | - |
| Professional fees | 97,188 | 81,633 |
| Supplies purchases | 64,393 | 17,538 |
| Regulatory fees/licenses | 7,552 | - |
| Advertising and promotion | 52,313 | 4,739 |
| Other | 76,045 | 1,553 |
| | <u>680,878</u> | 105,463 |
| Acquisition costs | 33,833 | - |
| Depreciation | 172,689 | 1,564 |
| Stock based compensation | 2,051,053 | - |
| Derecognition of lease | (214,135) | - |
| Interest on lease obligation | 11,480 | - |
| Loan interest charges | 56,313 | - |
| Net loss | <u>(2,823,987)</u> | (107,027) |

Retail revenue and Cash cost of goods sold have both increased for the three months ended October 31, 2019 over the same period in 2018 as a result of the Company opening its first retail store, Indicative Collection, on October 5, 2019.

Fair value adjustments to inventory relate to recording inventory at the lower of cost and net realizable value, while fair value adjustments to biological assets relate to recording these assets at fair value at each reporting date. More detail on the accounting for these items can be found in Note 4 to the Company's condensed interim consolidate financial statements at October 31, 2019.

General and administration expenses for the three months ended October 31, 2019 have increased over the same period in 2018 as a result of increased salaries and wages, professional fees, supplies purchases, regulatory fees/licenses, and advertising and promotion in 2019 as the Company is now involved in active operations.

Acquisition costs for the three months ended October 31, 2019 were incurred in conjunction with the closing of the Goldstream Transaction in August 2019.

Depreciation has increased for the three months ended October 31, 2019 over the same period in 2018 as a result of the exercise of the option to purchase the Company's cultivation facility in August 2019.

Stock based compensation for the three months ended October 31, 2019 primarily relates to the Goldstream Transaction. The remaining balance relates to the expensing of stock options granted to employees, management and directors.

CanadaBis Capital Inc.
Management Discussion & Analysis

As at October 31, 2019 and for the three months ended October 31, 2019 and 2018

Derecognition of lease relates to the Company disposing of a lease obligation during the three months ended October 31, 2019. Interest on lease obligations relates to non-cash interest charges on capitalized lease obligations. The accounting for these transactions is discussed further in Note 3 to the Company's condensed interim consolidated financial statements as at October 31, 2019.

Loan interest charges for the three months ended October 31, 2019 relate to interest incurred on the Company's long-term debt obligations.

SEGMENTED INFORMATION

RETAIL SEGMENT

| | Three months ended Oct 31, | Three months ended Oct 31, |
|--|-------------------------------|-------------------------------|
| | <u>2019</u> | <u>2018</u> |
| Revenue: | | |
| Retail revenue | \$ 52,709 | \$ - |
| | <u>52,709</u> | <u>-</u> |
| Cost of Sales: | | |
| Cash cost of goods sold - Retail | 35,126 | - |
| Gross Margin | 17,583 | - |
| Operating Expenses: | | |
| General and administration | 94,861 | - |
| Depreciation | 24,109 | - |
| | <u>118,970</u> | <u>-</u> |
| Loss from operations | (101,387) | - |
| Other income and expenses: | | |
| Loan interest charges (Note 9) | (16,035) | - |
| Net loss and comprehensive loss for the period | \$ (117,423) | \$ - |

The Company's retail segment consists of a retail location, Indicative Collection, located in Red Deer, Alberta which opened on October 5, 2019.

CanadaBis Capital Inc.

Management Discussion & Analysis

As at October 31, 2019 and for the three months ended October 31, 2019 and 2018

CULTIVATION SEGMENT

| | Three months ended Oct 31, 2019 | Three months ended Oct 31, 2018 |
|---|---------------------------------------|---------------------------------------|
| Cost of Sales: | | |
| Fair value adjustment of inventory | 62,048 | - |
| Fair value adjustment of biological assets | (12,589) | - |
| Gross Margin | (49,459) | - |
| Operating Expenses: | | |
| General and administration | 586,017 | 105,463 |
| Acquisition costs | 33,833 | - |
| Depreciation | 148,580 | 1,564 |
| Stock based compensation | 2,051,053 | - |
| | 2,819,483 | 107,027 |
| Loss from operations | (2,868,942) | (107,027) |
| Other income and expenses: | | |
| Derecognition of lease | 214,135 | - |
| Interest on lease obligation | (11,480) | - |
| Loan interest charges | (40,278) | - |
| Net loss and comprehensive loss for the period | \$ (2,706,564) | \$ (107,027) |

The Company's cultivation segment consists of Stigma Grow, the cannabis cultivation division operating out of the Company's cultivation facility located in Red Deer, Alberta.

FUNDS FLOW FROM OPERATIONS ("FUNDS FLOW")

| | Three months ended October 31, 2019 | Three months ended October 31, 2018 |
|--|---|---|
| Net cash used in operating activities | (727,580) | (12,494) |
| Changes in non-cash working capital from operations: | (333,616) | 9,296 |
| Expenses paid for by related parties | (3,049) | (102,265) |
| | (1,064,245) | (105,463) |

Funds outflow from operations for the three months ended October 31, 2019 has increased over the same period in 2018, primarily as a result of increased general and administrative and biological asset costs in 2019 resulting from the Company now being involved in active operations.

INCOME TAXES

During the three months ended October 31, 2019, the Company did not incur any income taxes that require cash taxes to be paid and had a non-capital loss carryforward balance of \$2,162,225, unused UCC balances of \$1,625,055 and unused 20(1)e costs of \$56,198.

CAPITAL EXPENDITURES

During the three months ended October 31, 2019 and 2018, the Company incurred \$4,478,656 and \$48,503, respectively, relating primarily to the exercise of the option to purchase the Company's cultivation facility for \$4.2 million in August 2019.

CanadaBis Capital Inc.

Management Discussion & Analysis

As at October 31, 2019 and for the three months ended October 31, 2019 and 2018

LIQUIDITY AND CAPITAL RESOURCES

At October 31, 2019, CanadaBis had net debt of \$4,581,739 (July 31, 2019 - \$1,287,739). The Company will continue to fund its on-going operations from a combination of debt and equity financings as needed. As the majority of the Company's ongoing capital expenditure program is directed to the expansion and equipping of the cultivation and processing facility, the Company is readily able to adjust its budgeted capital expenditures should the need arise. See *Capital Management* for further detail.

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks that arise as a result of its development, production and financing activities. CanadaBis has exposure to credit, liquidity and interest risk.

CanadaBis' risk management policies are established to:

- Identify and analyze the risks faced by the Company;
- Set appropriate limits and controls; and
- To monitor risks and adherence to market conditions and the Company's activities.

This narrative presents information about the Company's risk exposure, the Company's objectives, policies and processes for measuring and managing risk and the Company's management of capital.

(a) Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that would potentially subject the Company to concentrations of credit risks consist principally of cash. All of the Company's cash was held at three financial institutions at October 31, 2019, all of which are Canadian Chartered Banks. Management believes that the risk of loss is minimal, but the Company is subject to concentration of credit risk.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet financial obligations at the point at which they are due. The Company's operating cash requirements are continuously monitored by management. As factors impacting cash requirements change, liquidity risks may necessitate the need for the Company to raise capital by issuing equity or obtaining debt financing.

(c) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Company is exposed to interest rate risk through its long-term debt. A 1% increase to the interest rate would have an approximate impact of \$14,000 on pre-tax earnings for the three months ended October 31, 2019.

(d) Capital management

The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, to meet its capital expenditures for its continued operations, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, or acquire or dispose of assets. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company considers its capital to include share capital and net debt (defined as current assets and amounts due from related parties less current liabilities and any long-term debt). As at October 31, 2019, the Company had net debt of \$4,581,739 (July 31, 2019, net debt – \$1,287,739).

CanadaBis Capital Inc.

Management Discussion & Analysis

As at October 31, 2019 and for the three months ended October 31, 2019 and 2018

COMMITMENTS AND CONTINGENCIES

Other than disclosed in Note 11 to the condensed interim consolidated financial statements for the three months ended October 31, 2019, the Company has not entered into any agreements resulting in contractual commitments outstanding as at December 23, 2019.

RELATED PARTY TRANSACTIONS

Except as disclosed elsewhere, the Company had the following related party transactions and balances during the three months ended October 31, 2019 with a company of which one of the directors is also a director of CanadaBis:

- a) Expenses incurred by the Company totaling \$3,049 (2019 - \$102,265) were paid for by the related party.
- b) Property, plant, and equipment totaling \$5,173 (2019 - \$50,928) were paid for by the related party.
- c) The Company transferred funds to the related party totaling \$461 (2019 - \$250,000).
- d) The Company received funds from the related party totaling \$205,998 (2019 - \$Nil).

As a result of the above transactions, at October 31, 2019, the Company had amounts due to related parties of \$392,987 (July 31, 2019 - \$379,228) and amounts due from related parties of \$3,000 (July 31, 2019 - \$203,000). These amounts are unsecured, bear no interest and have no stated terms of repayment.

On August 23, 2019, CanadaBis acquired the Company's cultivation facility for \$4.2 million. The facility was purchased from a company of which one of the directors is also a director of CanadaBis.

Key Management Personnel

CanadaBis considers its directors and executives to be key management personnel. During the three months ended October 31, 2019, there was no short-term compensation paid to directors. Key management personnel compensation is comprised of the following:

| | October 31, 2019 | October 31, 2018 |
|------------------------------|-------------------|------------------|
| Short-term employee benefits | \$ 72,692 | \$ - |
| Share-based compensation | 335,037 | - |
| | \$ 407,729 | \$ - |

CanadaBis Capital Inc.

Management Discussion & Analysis

As at October 31, 2019 and for the three months ended October 31, 2019 and 2018

RISK FACTORS

The production and sale of adult-use cannabis involves many risks which may influence the ultimate success of the Company. While the management of CanadaBis realizes these risks cannot be eliminated, we are committed to monitoring and mitigating these risks. These risks include, but are not limited to the following:

- ability to successfully obtain and renew Cannabis Act licenses and adhere to all regulatory requirements;
- actions by governmental authorities, including changes in laws, regulations and guidelines which may have adverse effects to the Company's operations;
- risk of failure to acquire regulatory approvals required to produce and sell cannabis;
- the Company has a limited operating history and no assurance of profitability;
- risks related to negative public perception of cannabis consumption which may have an adverse effect on the Company's operational results, consumer base, and financial results;
- competition in the Company's industry;
- risk of mismanagement of the Company's growth;
- ability to execute the Company's strategy without additional financing;
- operating hazards and uninsured risks;
- absence or loss of key employees;
- ability to expand operations into international jurisdictions;
- availability of strategic alliances which complement or augment the Company's existing business;
- possibility of product liability claims against the Company;
- risk of product recalls and returns;
- ability to successfully develop new products and obtain required regulatory approvals;
- conflicts of interest which may arise between the Company and its directors and officers;
- potential for legal proceedings arising in the normal course of business;
- risks related to agricultural operations, including disease, insect pests, and changes in climate;
- the Company's dependence on transportation and the possibility of disruptions;
- fluctuating prices of raw materials;
- risks related to compliance with safety, health, and environmental regulations;
- ability to protect and preserve intellectual property rights;
- risk of political and economic instability in the jurisdictions in which the Company operates;
- execution of the Company's growth strategy;
- ability to successfully identify and make attractive acquisitions, joint ventures or investments, or successfully integrate future acquisitions;
- global economy risk, which may impact the Company's ability to raise equity or obtain additional financing;
- risks associated with the absence of dividends paid to shareholders;
- misappropriation of assets and security breaches; and
- cyber security risks, loss of information and computer systems.

CanadaBis Capital Inc.
Management Discussion & Analysis

As at October 31, 2019 and for the three months ended October 31, 2019 and 2018

SHARE CAPITAL

The Company is authorized to issue an unlimited number of voting common, non-voting common and preferred shares.

On September 24, 2018, the Company completed a 2:1 stock split. As a result, shareholders of record as at the close of business on September 24, 2018 received one additional share for each share held. Therefore, all of the information on the number of shares and the earnings per share has been restated retrospectively to reflect the share split.

At October 31, 2019, 83,754,067 outstanding common shares were held in escrow at various prices ranging from \$0.05 to \$0.50 per share.

Equity issuances made by the Company are as follows:

| | Number of Shares | Share Capital |
|--|---------------------|----------------------|
| Balance at July 31, 2018 | 88,560,000 | \$ 669,100 |
| Shares issued ⁽¹⁾ | 4,472,286 | 2,071,143 |
| Shares issued ⁽²⁾ | 750,000 | 300,000 |
| Shares issued ⁽³⁾ | 554,000 | 277,000 |
| Shares issued ⁽⁴⁾ | 2,000,000 | 1,000,000 |
| Shares Issued - Corporate Acquisition ⁽⁵⁾ | 8,500,000 | 4,250,000 |
| Shares Issued - Corporate Acquisition ⁽⁶⁾ | 6,666,666 | 2,000,000 |
| Balance at July 31, 2019 | 111,502,952 | 10,567,243 |
| Shares issued - Asset Acquisition ⁽⁷⁾ | 11,666,666 | 3,500,000 |
| Balance at October 31, 2019 | 123,169,618 | \$ 14,067,243 |

- 1) On November 9, 2018, the Company issued 4,472,286 voting common shares at \$0.50 per share for gross proceeds of \$2,236,143. All shares were issued as part of a unit, with each unit being comprised of one common share and one-half common share purchase warrant.
- 2) On November 9, 2018, the Company issued 750,000 voting common shares at \$0.40 per share for gross proceeds of \$300,000. All shares were issued as part of a unit, with each unit being comprised of one common share and one-half common share purchase warrant.
- 3) On February 11, 2019, the Company issued 554,000 voting common shares for gross proceeds of \$277,000. Of the total issued 226,000 common voting shares were issued to Management. All shares were issued as part of a unit, with each unit being comprised of one common share and one-half common share purchase warrant.
- 4) On April 24, 2019, the Company issued 2,000,000 voting common shares at \$0.50 per share for gross proceeds of \$1,000,000. All shares were issued as part of a unit, with each unit being comprised of one common share and on-half-common share purchase warrant.
- 5) On April 26, 2019, the Company issued 8,500,000 voting common shares at \$0.50 per share in conjunction with the Qualifying Transaction.
- 6) On July 24, 2019, the Company issued 6,666,666 voting common shares at \$0.30 per share in conjunction with the acquisition of Full Spectrum Labs Ltd. At October 31, 2019, 6,000,000 shares associated with this transaction were held in escrow.
- 7) On August 13, 2019, the Company issued 11,666,666 voting common shares at \$0.30 per share in conjunction with the acquisition of Goldstream Cannabis Inc. At October 31, 2019, 9,333,333 shares associated with this transaction were held in escrow.

CanadaBis Capital Inc.

Management Discussion & Analysis

As at October 31, 2019 and for the three months ended October 31, 2019 and 2018

CanadaBis is authorized to issue an unlimited number of Common Shares. As at December 23, 2019, there were 123,169,618 Common Shares outstanding as well as 7,550,000 options and 3,888,143 warrants.

NEW ACCOUNTING PRONOUNCEMENTS AND CRITICAL ACCOUNTING POLICIES

Use of estimates and judgments

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The reader is referred to the Company's July 31, 2019 audited consolidated financial statements for a description of estimates and judgments.

Changes in accounting policies

(a) IFRS 16 - Leases

IFRS 16 Leases was issued by the IASB in January 2016 and specifies the requirements to recognize, measure, present and disclose leases. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted. Management has reviewed existing leasing arrangements in light of the new lease accounting rules and has determined the standard will affect primarily the accounting for operating leases.

Effective August 1, 2019, the Company adopted IFRS 16, which supersedes previous accounting standards for leases, including IAS 17 - Leases and IFRIC 4 – Determining whether an arrangement contains a lease. IFRS 16 introduces a single lessee accounting model, unless the underlying asset is of low value, and requires a lessee to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

The Company adopted IFRS 16 using the modified retrospective method and has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The cumulative effect of initially applying the new standard is recognized as an adjustment to the opening deficit within the shareholders' equity balance as at August 1, 2019. This adjustment was an increase of \$214,135 to the opening deficit at August 1, 2019 and comprised of additional interest expense on the lease obligation and depreciation expense on the right-of-use asset.

On adoption of IFRS 16, the Company recognized lease assets and liabilities in relation to the lease agreement associated with the Company's cultivation facility, which was previously classified as an operating lease under the principles of IAS 17. The liability was measured at the present value of the remaining lease payments, discounted using the related incremental borrowing rate as of August 1, 2019. The weighted-average rate applied is 6%. The associated right-of-use asset was measured as if the standard had been applied since the commencement date, discounted using the incremental borrowing rate as of August 1, 2019.

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assess whether:

- The contract involves the use of an identified asset;
- The Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use; and
- The Company has the right to direct the use of the asset.

Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use. Each lease payment is allocated between the lease liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining

CanadaBis Capital Inc.

Management Discussion & Analysis

As at October 31, 2019 and for the three months ended October 31, 2019 and 2018

balance of the lease liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used. The incremental borrowing rate is the rate that the lessee would have to pay to borrow at prevailing interest rates, market precedents and the Company's specific credit spread, on similar terms and security.

QUARTERLY INFORMATION

| | 2020 Q1 | 2019 Q4 | 2019 Q3 | 2019 Q2 | 2019 Q1 | 2018 Q4 | 2018 Q3 | 2018 Q2 |
|-----------------------------|-------------|-------------|-------------|------------|------------|------------|-------------|-------------|
| Funds flow | (1,064,245) | (786,225) | (497,222) | (82,492) | (105,463) | (204,133) | (43,708) | (38,690) |
| Net loss | (2,823,987) | (4,364,370) | (4,447,407) | (84,056) | (107,027) | (205,328) | (45,395) | (40,377) |
| Per share - basic & diluted | \$ (0.02) | \$ (0.04) | \$ (0.05) | \$ (0.00) | \$ (0.00) | \$ (0.01) | \$ (453.95) | \$ (403.77) |
| Total assets | 10,797,079 | 5,360,239 | 4,684,948 | 3,743,443 | 1,203,605 | 766,032 | 86,190 | 85,591 |
| Shares outstanding | 123,169,618 | 111,502,952 | 104,836,286 | 95,782,286 | 88,560,000 | 44,280,000 | 100 | 100 |
| Capital expenditures | 4,478,656 | 649,007 | 1,927,734 | 8,331 | 48,503 | 2,220 | - | - |

As the Company is awaiting approval for the amendment to its sales license, no revenue was generated by the entity for these periods. In Q4 2018, the funds outflow and net loss are primarily the result of higher salaries, land lease costs and professional fees. In Q3 2019, the net loss is primarily the result of non-cash charges associated with accounting for the Qualifying Transaction. In Q3 2019, \$1.8 million of capital expenditures relates to the purchase of land, for which the Company's cultivation facility is affixed. The increase in total assets between Q4 2018 and Q3 2019, consists primarily of the land purchase and increased cash in the company received from capital raises. In Q4 2019 and Q1 2020, increased funds outflow is a result of additional G&A expenditures from hiring new staff as the Company continues to build inventory in anticipation of receiving its amended sales license. The increase in total assets is a result of the Retail Acquisition and the Full Spectrum Acquisition.

FORWARD LOOKING STATEMENTS

CanadaBis Capital Inc. is a publicly traded corporation. This MD&A contains forward-looking statements. Management's assessment of future plans and operations, and the timing thereof, capital expenditures, timing of capital expenditures, and methods of financing capital expenditures and the ability to fund financial liabilities, future operating costs, general and administrative expenses, interest rates, debt levels, funds from operations and the timing of and impact of implementing accounting policies may constitute forward-looking statements under applicable securities laws and necessarily involve risks including, without limitation, risks associated with development, exploitation, production, marketing and transportation, loss of markets, other competitors, incorrect assessment of the value of acquisitions, failure to realize the anticipated benefit of acquisition, the inability to fully realize the benefits of acquisitions, delays resulting from or inability to obtain required regulatory approvals and inability to access sufficient capital from internal and external sources. As a consequence, the Company's actual results may differ materially from those expressed in, or implied by, the forward-looking statements. Forward-looking statements or information is based on a number of factors and assumptions which have been used to develop such statements and information, but which may prove to be incorrect. Although the Company believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because the Company can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified in this document and other documents filed by the Company, assumptions have been made regarding, among other things: the impact of increasing competition; the general stability of the economic and political environment in which the Company operates; the ability of the Company to obtain qualified staff; equipment and services in a timely and cost efficient manner; the Company's ability to obtain financing on acceptable terms; the ability to reduce operating costs; the timing of facility construction and expansion; interest rates; the regulatory framework within the cannabis industry, taxes, and environmental matters in the jurisdictions in which the Company operates; and the Company's ability to successfully market its products. Readers are cautioned that the foregoing list of factors is not exhaustive. Furthermore, the forward-looking statements contained in this document are made as at the date of this document and the Company does not undertake any obligation to update or to revise any of the included forward-looking statements, whether as a result of new information, future events, or otherwise.

NON-IFRS MEASUREMENTS

Certain financial measures referred to in this MD&A, such as "funds flow", do not have standardized meaning prescribed by International Financial Reporting Standards ("IFRS"). Management believes that in addition to net income, funds flow from operations is a useful

CanadaBis Capital Inc.

Management Discussion & Analysis

As at October 31, 2019 and for the three months ended October 31, 2019 and 2018

supplemental measure as it provides an indication of the results generated by the Company's principal business activities before the consideration of how those activities are financed or how the results are taxed. Investors are cautioned, however, that these measures should not be construed as alternatives to net income determined in accordance with IFRS, as an indication of the Company's performance. These financial measures do not have a standardized meaning prescribed by IFRS and are, therefore, unlikely to be comparable to similar measures presented by other issuers.

"Funds flow" is calculated based on cash flows from operating activities before changes in non-cash working capital. The following table reconciles the Company's cash provided from operating activities to "funds flow":

FUNDS FLOW FROM OPERATIONS ("FUNDS FLOW")

| | Three months ended October 31, 2019 | Three months ended October 31, 2018 |
|--|---|---|
| Net cash used in operating activities | (727,580) | (12,494) |
| Changes in non-cash working capital from operations: | (333,616) | 9,296 |
| Expenses paid for by related parties | (3,049) | (102,265) |
| | (1,064,245) | (105,463) |
