



CANADABIS
— CAPITAL INC. —

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the years ended July 31, 2019 and 2018

CanadaBis Capital Inc.

Management Discussion & Analysis

For the years ended July 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. and 2103157 Alberta Ltd.) ("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 November 21, 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.

2019 HIGHLIGHTS

- During 2019, the Company issued a total of 7,776,286 shares for gross proceeds of \$3,648,143 via private placements;
- On April 15, 2019, CanadaBis acquired 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;
- As of the date of this MD&A, the Company has successfully completed 3 harvests;
- On April 26, 2019, the Company closed its previously announced Qualifying Transaction as discussed below in "Background & Strategic Transactions";
- 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;
- On July 16, 2019, the Company provided notice to the lessor of its cultivation facility of its intent to exercise the 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 closing of the exercise is subject to certain conditions;
- 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 transaction was valued at \$2 million with consideration consisting of 6,666,666 common shares of CanadaBis at \$0.30 per share;
- Subsequent to year-end, 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; and
- Subsequent to year-end, 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.

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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 has a five-year term with an option to purchase the facility for \$4.2 million. On July 16, 2019, the Company provided notice to the lessor of its cultivation facility of its intent to exercise the 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 closing of the exercise is subject to certain conditions.

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 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 "INDICActive 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, INDICActive 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, INDICActive 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.

Subsequent to year-end, 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.

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EXPENSES & NET LOSS

	Twelve months ended July 31, 2019	Twelve months ended July 31, 2018
General and administration		
Salaries and wages	423,320	153,536
Professional fees	323,780	74,175
Supplies purchases	229,282	30,296
Regulatory fees/licenses	81,252	-
Advertising and promotion	66,515	2,053
Other	78,042	79,449
	<u>1,202,191</u>	<u>339,509</u>
Acquisition costs	79,066	-
Loan interest charges	19,154	-
Depreciation	58,668	6,256
Fair value adjustment of inventory	38,710	-
Fair value adjustment of biological assets	2,438	-
Impairment of biological assets	5,628	-
Stock based compensation	3,333,740	-
Listing expense	4,263,265	-
Net loss	<u>(9,002,860)</u>	<u>(345,765)</u>

General and administration expenses for the year ended July 31, 2019 have increased over 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 year ended July 31, 2019 were incurred in conjunction with the closing of the Qualifying Transaction in April 2019 and Full Spectrum Transaction in July 2019.

Loan interest charges for the year ended July 31, 2019 relate primarily to the vendor-take-back mortgage acquired in conjunction with the Company's land acquisition on April 15, 2019.

Depreciation has increased for the year ended July 31, 2019 over 2018 as a result of increased capital expenditures in 2019.

Impairment of biological assets for the year ended July 31, 2019 relates to expenditures made pertaining to the initial development of cannabis. It is anticipated that these expenses will not be recovered through the sale of harvested cannabis. Fair value adjustment of inventory and biological assets represents a charge to reduce inventory and biological assets to their respective estimated fair values at July 31, 2019.

Stock based compensation for the year ended July 31, 2019 primarily relates to shares transferred to management and directors by certain shareholders and the Full Spectrum Transaction. The remaining balance relates to new grants of stock options to employees, management and directors during 2019.

Listing expense for the year ended July 31, 2019 is a non-cash charge resulting from the Qualifying Transaction in April 2019. For further detail on the accounting for this transaction, see *Note 15* to the Company's July 31, 2019 Consolidated Financial Statements.

As the Company is awaiting approval for its amended sales license, no revenue was generated by the entity for these two periods.

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FUNDS FLOW FROM OPERATIONS ("FUNDS FLOW")

	Twelve months ended July 31, 2019	Twelve months ended July 31, 2018
Net cash used in operating activities	(1,694,705)	-
Changes in non-cash working capital from operations:	521,815	(48,262)
Expenses paid for by related parties	(284,290)	(301,195)
Management fee payable to related parties	(14,222)	-
	(1,471,402)	(349,457)

Funds outflow from operations for the year ended July 31, 2019 has increased over 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. As the Company has yet to generate revenues, funds flow consists primarily of salaries and other administrative expenditures.

INCOME TAXES

During the year ended July 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 year ended July 31, 2019 and 2018, the Company incurred \$2,633,575 and \$2,220, respectively, relating primarily to the acquisition of land for which the Company's cultivation facility is affixed, as well as leasehold improvements to the facility. On April 15, 2019, CanadaBis acquired the land for \$1.8 million. Consideration consisted \$0.9 million in cash and \$0.9 million in a mortgage payable to the vendor over 5 years at 6% interest per annum.

LIQUIDITY AND CAPITAL RESOURCES

At July 31, 2019, CanadaBis had a working capital deficit of \$348,406 (July 31, 2018 - \$143,957 surplus). 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. Subsequent to July 31, 2019, the Company received \$2 million in cash in conjunction with the acquisition of Goldstream Cannabis Inc. 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 July 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 \$9,000 on pre-tax earnings for the year ended July 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 July 31, 2019, the Company had net debt of \$1,287,739 (July 31, 2018, net debt surplus – \$143,957).

COMMITMENTS AND CONTINGENCIES

Other than the lease associated with the cultivation facility, which contains no minimum lease payments, the Company has not entered into any agreements resulting in contractual commitments outstanding as at November 18, 2019.

RELATED PARTY TRANSACTIONS

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

- a) Expenses incurred by the Company totaling \$284,290 (2018 - \$301,195) were paid for by the related party.
- b) Goods and service tax incurred by the Company totaling \$12,563 (2018 - \$Nil) was paid for by a related party.
- c) Management fees payable to the related party totaling \$14,222 (2018 - \$Nil).
- d) Property, plant, and equipment totaling \$212,962 (2018 - \$2,200) were paid for by the related party.
- e) The Company transferred funds to the related party totaling \$1,061,113 (2018 - \$Nil).
- f) The Company received funds from the related party totaling \$25,300 (2018 - \$Nil).

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- g) Upon acquisition of 2103157, the Company settled pre-existing amounts owing between the entities of \$391,354 and acquired amounts owing to related parties of \$5,200 related to expenses paid for and transfers to the company prior to acquisition (2018 - \$Nil).

As a result of the above transactions, at July 31, 2019, the Company had amounts due to related parties of \$379,228 (2018 - \$494,450). These amounts are unsecured, bear no interest and have no stated terms of repayment.

The Company transferred funds totaling \$203,000 to an entity in which a Director of CanadaBis is a partial shareholder. The amount is unsecured, bears no interest and has no stated terms of repayment.

During the year ended July 31, 2019, CanadaBis acquired land, for which the Company's cultivation facility is affixed, for \$1,763,000. The land was purchased from a company of which one of the directors is also a director of CanadaBis.

Subsequent to July 31, 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 2019, there was no short-term compensation paid to directors. Key management personnel compensation is comprised of the following:

	July 31, 2019	July 31, 2018
Short-term employee benefits	\$ 136,039	\$ -
Share-based compensation	1,364,944	-
	\$ 1,500,983	\$ -

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.

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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 July 31, 2019, 91,745,700 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, 2017	78,000,000	\$ 100
Shares issued in private placements ⁽¹⁾	10,560,000	504,000
Shares to be issued ⁽²⁾	-	165,000
Balance at July 31, 2018	88,560,000	669,100
Shares issued ⁽³⁾	4,472,286	2,071,143
Shares issued ⁽⁴⁾	750,000	300,000
Shares issued ⁽⁵⁾	554,000	277,000
Shares issued ⁽⁶⁾	2,000,000	1,000,000
Shares Issued - Corporate Acquisition ⁽⁷⁾	8,500,000	4,250,000
Shares Issued - Corporate Acquisition ⁽⁸⁾	6,666,666	2,000,000
Balance at July 31, 2019	111,502,952	\$ 10,567,243

- 1) On June 28, 2018, the Company issued 10,560,000 voting common shares for gross proceeds of \$504,000.
- 2) Prior to July 31, 2018, the Company received advances from shareholders for shares to be issued on November 9, 2018.
- 3) 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.
- 4) 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.
- 5) 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.
- 6) 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 one-half common share purchase warrant.
- 7) On April 26, 2019, the Company issued 8,500,000 voting common shares at \$0.50 per share in conjunction with the Reverse Takeover.
- 8) 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 July 31, 2019, 6,000,000 shares associated with this transaction were held in escrow.

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CanadaBis is authorized to issue an unlimited number of Common Shares. As at November 18, 2019, there were 123,169,618 Common Shares outstanding as well as 8,670,000 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.

Newly adopted accounting policies

(a) Inventory

Inventories are valued at the lower of cost and net realizable value. Inventories of harvested cannabis are transferred from biological assets at their fair value at harvest, which becomes the initial deemed cost. Any subsequent post-harvest costs are capitalized to inventory at the lower of cost and net realizable value.

Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(b) Biological assets

The Company's biological assets are accounted for in accordance with IAS 41 – Agriculture. Costs associated with the growing process are capitalized as incurred. These include direct costs such as seeds and other growing materials as well as indirect costs including, but not limited to, supplies and labour for individuals involved in the growing and quality control process. Depreciation of tangible assets is not capitalized. Biological assets are measured at their fair value less costs to sell on the Statement of Financial Position at each reporting date. Unrealized gains and losses on the fair value of biological assets are recorded separately on the Statement of Loss and Comprehensive Loss at the end of each reporting period. Upon harvest, biological assets are transferred to inventory at their fair value less costs to sell.

The significant assumptions applied in determining the fair value of biological assets, categorized as a level 3 in the fair value hierarchy based on the inputs to the valuation technique used, are as follows:

- a. expected yield based on average historical growing results by strain;
- b. percentage of costs incurred to date as compared to the estimated total costs to be incurred ("point in growth cycle");
- c. selling price based on Alberta Gaming Liquor and Cannabis ("AGLC") purchase price by product; and
- d. estimated costs to sell.

The Company periodically assesses the significant assumptions applied in determining the fair value of biological assets based on historical information obtained as well as planned production. When there is a material change in any of the significant assumptions, the fair value of biological assets is adjusted.

Changes in accounting policies

(a) IFRS 9 - Financial Instruments

The Company retrospectively applied the requirements of IFRS 9 on August 1, 2017. The adoption did not result in a change in the carrying value of any of the Company's financial instruments on the transition date.

IFRS 9 is intended to replace IAS 39 Financial Instruments: Recognition and Measurement. The new standard includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for

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calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

(b) IFRS 15 – Revenue from contracts with customers

IFRS 15 replaces the existing revenue recognition guidance with a new framework to determine the timing and measurement of revenue, providing users of the consolidated financial statements more information and relevant disclosures. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. The Company has adopted the new standard using the modified retrospective method. The Company has evaluated the impact of adopting IFRS 15 on the consolidated financial statements and it does not have a material impact.

(c) 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.

The Company will apply the standard from its mandatory adoption date of January 1, 2019 using the modified retrospective method with the cumulative effect of initially recognizing the standard as an adjustment to retained earnings at the date of initial application, and without restatement of prior periods' reported figures. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption.

Based on information currently available, the Company expects to recognize right-of-use assets of approximately \$4.0 million on August 1, 2019 and lease liabilities of \$4.2 million. Interest expense of \$0.1 million and amortization expense of \$0.1 million related to the preadoption period will be adjusted to retained earnings.

QUARTERLY INFORMATION

	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1
Funds flow	(786,225)	(497,222)	(82,492)	(105,463)	(204,133)	(43,708)	(38,690)	(52,978)
Net loss	(4,364,370)	(4,447,407)	(84,056)	(107,027)	(205,328)	(45,395)	(40,377)	(54,665)
Per share - basic & diluted	\$ (0.04)	\$ (0.05)	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (453.95)	\$ (403.77)	\$ (546.65)
Total assets	5,360,239	4,684,948	3,743,443	1,203,605	766,032	86,190	85,591	85,344
Shares outstanding	111,502,952	104,836,286	95,782,286	88,560,000	44,280,000	100	100	100
Capital expenditures	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, 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.

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ANNUAL INFORMATION

	2019	2018	2017
Funds flow	(1,471,402)	(349,457)	(106,753)
Net loss	(9,002,860)	(345,765)	(106,753)
Per share - basic & diluted	\$ (0.09) \$	(0.07) \$	(1,067.53)
Total assets	5,360,239	766,032	84,382
Shares outstanding	111,502,952	44,280,000	100
Capital expenditures	2,633,575	2,220	51,661

Increased funds outflows and net losses from 2017 through 2019 are a result of increasing G&A costs in the form of salaries and professional fees as the Company increases its operations in anticipation of receiving its amended sales license and generating revenue. Increased total assets from 2017 through 2019 are the result of the Qualifying Transaction, Retail Transaction, Full Spectrum Transaction, and higher capital spending which primarily relates to the acquisition of land in which the Company's cultivation facility is affixed, as well as leasehold improvements to that facility.

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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 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")

	Twelve months ended July 31, 2019	Twelve months ended July 31, 2018
Net cash used in operating activities	(1,694,705)	-
Changes in non-cash working capital from operations:	521,815	(48,262)
Expenses paid for by related parties	(284,290)	(301,195)
Management fee payable to related parties	(14,222)	-
	(1,471,402)	(349,457)