



AUXLY CANNABIS GROUP INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018

Stated in thousands of Canadian Funds

DATE: NOVEMBER 12, 2018

Management Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") was prepared as of November 12, 2018 unless otherwise indicated. This MD&A reviews the operating results, financial position and liquidity of Auxly Cannabis Group Inc. (the "**Auxly**"). All amounts are stated in Canadian dollars. This MD&A should be read in conjunction with the consolidated financial statements and the notes thereto for the three and nine months ended September 30, 2018.

This MD&A may contain forward-looking information that is based on the Company's expectations, estimates and projections regarding its business and the economic environment in which it operates. Forward-looking information speaks only of the date it is provided, is not a guarantee of future performance and involves risks and uncertainties that are difficult to control or predict. Readers should refer to the "Cautionary Note Regarding Forward Looking Statements" in this MD&A.

Description of Business, Overall Performance and Outlook

Business of the Company

The Company explores and pursues investment opportunities in the cannabis industry. The Company's principal product is cannabis and cannabis products that it purchases through its streaming agreements and produces through its subsidiaries.

The Company's business model is premised on building a strategic portfolio of investments to create a platform that spans across three distinct verticals of the cannabis supply chain:

- 1) The "**Upstream**" segment consists of domestic and international cannabis cultivation assets, including the Company's streaming partners and certain subsidiaries.

The Company has acquired cultivation capacity by developing cannabis cultivation facilities in Canada and internationally. The Company remains focused on building a diverse cultivation platform comprised of wholly-owned assets, streaming partnerships, joint venture partnerships and commercial offtake arrangements. The development of a robust supply pipeline is the cornerstone of the Auxly platform, providing the Company with a secure and diverse source of cannabis allowing it to participate in the entire cannabis value chain.

- 2) The "**Midstream**" segment consists of various value enhancing assets and the development of intellectual property associated with those assets, such as extraction, processing, branding and licensing, product manufacturing, and research and development. It is anticipated that the midstream segment of the Company's business will produce various cannabis products such as pharmaceuticals, nutraceuticals and consumer packaged goods, all as and when permitted by applicable laws.

The most notable progress in the Company's evolution over the past 12 months has been the development of its midstream business. The strategic focus of the Company's midstream business segment is to add value to the cannabis produced in the upstream business segment through the application of intellectual property. The Company continuously evaluates a broad range of applicable intellectual property including extraction and purification methodologies, trademark and know-how licensing, patent

acquisition and technology and product licensing. In addition, through its wholly-owned subsidiaries, the Company intends to develop its own proprietary cannabis-derived products and related intellectual property.

- 3) The "**Downstream**" segment consists of the Company's various domestic and international distribution channels. The Company aims to establish several distribution channels including provincially approved retailers, pharmacies and direct to consumer sales as well as distribution channels in federally legal jurisdictions, as permitted by applicable laws.

The Company identified the need for a robust downstream distribution platform early in its corporate history and has continued to focus on the development of high value medical and non-medical channels. The Company has made strategic decisions on which distribution channels to prioritize based on its production ramp-up, choosing to focus on higher margin medical channels and those non-medical channels that are owned by the Company or where the Company holds an equity interest in the retailer.

Upstream business updates and partners

Since the Company's inception, the Company has made tremendous strides in building out its upstream architecture. This has included both the consummation of transactions with members of the original cohort of "streaming partners" as well as entering into a number of transactions with premiere partners which the Company believes reflect the value which it brings to the table. The Company continues to strive for a diversified cultivation platform that includes a variety of cultivation methodologies and philosophies.

- Peter Quiring Joint Venture: The Company entered into a definitive joint venture agreement with Peter Quiring, Canada's largest greenhouse manufacturer and the largest independent owner/operator of greenhouses in Canada. The project is being developed via a newly formed subsidiary and will entail the construction and operation of a fully-automated, state-of-the-art, purpose-built greenhouse for cannabis cultivation in Leamington, Ontario. The Company has submitted an application to Health Canada for the facility and construction of this project is currently underway. The Company expects that upon completion of the 1,400,000 square foot greenhouse which represents the first phase of the project, the joint venture will be a major contributor to the overall supply and production capacity of Auxly's upstream cultivation segment. The project is situated on 300 acres of land and can be expanded in additional phases in response to market conditions
- FSD Pharma Inc.: The Company entered into a definitive agreement with FV Pharma ("FV"), a subsidiary of FSD Pharma, to develop a cannabis cultivation facility at the former KRAFT® food manufacturing facility in Cobourg, Ontario. The design and construction budget and timeline for the retrofit of the first 220,000 square foot phase of the facility was presented by Auxly and approved by FV and construction is currently underway. Auxly retains the right to offtake 49.9% of the product produced at any portion of the FV facility that is developed in partnership with the Company. The Company expects the FV project to be a key contributor to the overall supply of high-quality indoor cannabis in Auxly's upstream segment.

- Inverell S.A.: The Company's subsidiary, Inverell S.A. ("Inverell"), was founded by Dr. Raul Urbina, a renowned expert in plant breeding, micropropagation, high density outdoor cultivation and the extraction of high value molecules from plants. Phase I of the Inverell project entails the cultivation of CBD-rich hemp on 150 hectares of land in Uruguay and subsequent extraction of CBD for export to international markets. Inverell gives the Company access to a high-efficiency, low-cost source of cannabinoids for sale to third parties or use in the midstream business segment.
- Robinson's Cannabis Inc.: Robinson's Cannabis Inc. ("Robinson's") is a late-stage licensed producer applicant located in Kentville, Nova Scotia. Robinson's is currently completing the buildout of its 27,700 square foot purpose-built facility for the production of high-quality craft cannabis. The Company expects that Robinson's will be the cornerstone asset for the Company's cultivation activities in Atlantic Canada and will provide the Company with a high potential player in the premium flower market.
- Kolab Project Sales License: Kolab Project Inc. ("Kolab Project") received its sales license from Health Canada, pursuant to the Access to Cannabis for Medical Purposes Regulations ("ACMPR") on July 23, 2018. The sales license authorizes Kolab Project to sell dried cannabis to registered Canadian medical patients across the country through its online portal. The issuance of the sales license to Kolab Project marks a significant milestone for the Company in that it provides Kolab Project with the regulatory tool needed to allow it to directly participate in the sale of cannabis.
- CannTx Life Sciences Inc.: The Company's streaming partner, CannTx Life Sciences Inc. ("CannTx"), successfully obtained a cultivation license from Health Canada on July 17, 2018 for its facility in Puslinch, Ontario and has commenced cultivation. The Company holds a minority interest in CannTx and an entitlement to purchase 33% of all cannabis (or cannabis-derived products including any cannabis trim) produced at the CannTx facility for a period of 10 years from the date of first sale at a fixed cost. CannTx is focused on evidence-based technologies that combine the power of micropropagation with the efficiency of vertical farming.
- Sundial Growers Inc.: The Company entered into a definitive agreement with Sundial Growers Inc. ("Sundial") pursuant to which it advanced \$7,000 to Sundial to be repayable with interest on March 1, 2019. Sundial is a licensed producer currently operating a 32,000 square foot facility in Rocky View, Alberta. Sundial is currently in the process of developing a 545,400 square foot facility in Olds, Alberta. The transaction allowed the Company to strategically deploy capital in a manner that meets the Company's return parameters while providing for optionality on the supply of cannabis from a strong operator.
- Lotus Ventures Inc.: The Company's streaming partner, Lotus Ventures Inc. ("Lotus"), is in the final stages of construction of its cultivation facility in Armstrong, British Columbia. Lotus is expecting to complete construction of its 22,500 square foot facility in 2018. The Company has finalized its broader streaming agreement with Lotus pursuant to which the Company advanced an additional \$4,000 to Lotus to partially fund the completion of the facility. In connection with the transaction, Auxly was issued an additional 3,755,868 common shares of Lotus and will be entitled to purchase or otherwise direct the sale of 50% of the facility's total cannabis production.

- Delta 9 Cannabis Inc.: The Company entered into a definitive strategic alliance agreement with Delta 9 Cannabis Inc. ("Delta 9") to fund the build-out of additional grow pods at their Winnipeg, Manitoba facility. Delta 9 is a licensed producer with a sales authorization granted under the ACMPR, that is currently operating an 80,000 square foot indoor facility using hydroponic grow pods as a differentiated and risk-mitigated approach to cultivation. As part of the agreement with Delta 9, the Company received the right to purchase a fixed amount of cannabis at preferential pricing from two expansion phases of the Delta 9 facility for a period of 10 years. Beginning in January 2019, the Company will receive the right to purchase 1,000 kilograms of dried cannabis per annum from Delta 9, expanding to a total of 5,000 kilograms per annum beginning in July 2020. The transaction with Delta 9 represents a low risk deployment of capital into a licensed producer with an impressive track record of execution and provides the Company with a source of high-quality near and medium-term supply as well as a significant ownership stake in a licensed producer that the Company believes is well positioned for success.
- Aphria Inc.: The Company entered into a definitive supply agreement with Aphria Inc. ("Aphria") pursuant to which the Company, through its wholly owned subsidiary Dosecann Inc. ("Dosecann"), will have the option to purchase cannabis flower and cannabis oil for distribution to certain international markets, including Mexico, Portugal, and Serbia, as well as a limited amount for distribution into the Canadian market. Dosecann will have the option to purchase up to 20,000 kilograms of cannabis products on an annual basis. The Agreement extends until January 31st, 2022 and may be renewed for additional 12-month terms. The Aphria supply agreement provides the Company with a significant source of supply thereby enabling Auxly to execute on international distribution opportunities as they materialize while its own supply infrastructure continues to develop.

Midstream business updates and partners

While the short-term goal of the Company has been to develop its upstream cultivation platform so as to ensure that it has access to a secure, diverse and low-cost source of supply, the Company is increasingly focusing on the midstream segment of its business with the goal of being a leading player in the market for higher margin cannabis products.

- Dosecann Inc.: Dosecann operates out of a 42,000 square foot facility, purpose-built for extraction and the research development and manufacturing of cannabis products. Dosecann is located in the BioCommons Research Park in Charlottetown, PEI where it benefits from the thriving biotech community that PEI has attracted over the past decade. Dosecann will serve as the Company's hub of cannabis research and innovation.

Since being acquired by the Company, Dosecann received its dealer's license for controlled drugs and substances from Health Canada pursuant to the *Narcotic Control Regulations*. This license authorizes Dosecann to engage in various activities related to the manufacturing of cannabis oils and resins through extraction of dried cannabis flower, production of authorized cannabis products, product formulation, research and development and quality testing. Securing the dealer's license marked another important milestone for the Company in that it gives the Company a fully functioning hub for its midstream business segment through which it can begin its research and development activities, provide value-added services to its upstream cultivation partners and execute on its licensing arrangement with Dixie Brands Inc. ("Dixie") as described below.

- Kolab Project Genetics Facility: The Company has completed the design of the third phase of the Kolab Project facility. This phase of the facility's development will be used exclusively as a cannabis genetics center dedicated to housing the Company's genetics, genetic breeding, tissue culture, phenotyping and seed breeding initiatives. The development of a genetics focused facility at Kolab Project will ensure that the Company is able to effectively develop and store a wide array of healthy cannabis genetics that it can provide to its operating subsidiaries and streaming partners thereby helping ensure a diverse and high-quality supply of cannabis for the Company's platform.
- KGK Science Inc.: On August 29, 2018 the Company acquired all of the issued and outstanding shares of KGK Science Inc. ("KGK"), a leading health and wellness focused private contract research organization based in London, Ontario specializing in natural health products and nutraceuticals. KGK will continue to operate its current business in the ordinary course, thereby giving the Company a healthy operating subsidiary generating material revenues. In addition, KGK will work closely with the team at Dosecann in order to ensure that the safety and efficacy of the cannabis products developed at Dosecann are backed by industry leading research and science.
- Province Brands: The Company entered into a definitive strategic alliance agreement with Honest Inc. (d/b/a Province Brands of Canada) ("Province"), a company focused on the development of unique cannabis-based beverages with a dose-response curve similar to comparable alcohol beverages. In connection with the strategic alliance agreement, the Company acquired a 10% equity interest in Province thereby giving the Company an ownership interest in a high-potential player in the cannabis beverages vertical market.
- Dixie Brands Inc.: The Company entered into a definitive licensing agreement with Dixie, a leading Colorado-based cannabis products company. The Company obtained the exclusive right to use Dixie's intellectual property in Canada and Mexico. The licensed product portfolio includes all of Dixie's product trademarks and product formulation methodologies related to over 100 cannabinoid-infused products including, beverages, edibles, topicals, tinctures and oils. The acquisition of the Dixie license allows the Company to have a head start with established product formulations and a recognizable consumer brand as and when the sale of such products becomes legally permitted in Canada.
- Cannabis OneFive Inc.: The Company entered into a definitive strategic partnership with Cannabis One Five Inc. ("C15"), a provider of quality management and document control software systems for the cannabis industry. The C15 software, powered by Veeva QualityOne, the leading quality management and document control application in the pharmaceutical industry, allows for cannabis operators to simplify and optimize their quality management and document control processes to streamline operations and reduce overall operating costs.
- Delta 9 Cannabis Inc.: The Company has entered into a non-exclusive supply agreement pursuant to which Delta 9 will purchase at least 1,000 kilograms of value-added cannabis products from Dosecann on an annual basis. This provides the Company with a cornerstone customer for the Dosecann facility while giving Delta 9 access to the world-class product development team at Dosecann for the purposes of creating differentiated cannabis products for sale through Delta 9's distribution network.

Downstream business updates and partners

The Company has remained focused on developing downstream distribution channels for its cannabis and cannabis derived products. The Company has started to build out its internal sales and marketing team and continues to make progress towards finalizing a number of medical and non-medical distribution channels as its cultivation and production capacity matures.

- Inner Spirit Holdings Inc.: The Company acquired 15% of the outstanding shares of Inner Spirit Holdings Inc. ("Inner Spirit") and entered into a definitive strategic alliance agreement with Inner Spirit, pursuant to which the Company and Inner Spirit will collaborate on retail initiatives including product acquisition and in-store marketing and branding. Inner Spirit currently has over 100 franchise agreements in place for prospective retail cannabis stores in Western Canada. This transaction gives the Company a partner with strong retail experience who the Company believes will be a major player in markets where privately-owned cannabis retail stores are legally permitted.
- Saskatchewan Retail Store: The Company, through Kolab Project, was selected to apply for a cannabis retail permit in Lloydminster, Saskatchewan. The permit, when granted by the Saskatchewan Liquor and Gaming Authority, will allow for Kolab to operate one physical location in addition to a province-wide e-commerce platform to serve the adult-use market in Saskatchewan. In addition to enabling the Company to sell its cannabis and cannabis products (when permitted) directly to consumers in Saskatchewan, the acquisition of the Saskatchewan retail license will also provide Kolab Project with its first branded store through which to further develop and enhance its own brand.
- Delta 9 Cannabis Inc.: The Company and Delta 9 have agreed to enter into a retail collaboration for the purposes of exploring and collaborating on future retail opportunities for the distribution and sale of cannabis. Delta 9 has been awarded retail licenses in Manitoba and, as such, this aspect of the Delta 9 agreement provides the Company with a retail partner in Manitoba as well as a strategic partner in other jurisdictions where Delta 9 may choose to pursue retailing opportunities.

Key Developments in the First Quarter of 2018

On January 15, 2018, the Company announced the launch of Kolab Project Inc.

On January 16, 2018, the Company announced that it had elected to exercise its right under the warrants issued in June 2017 to accelerate the expiry date of the warrants to February 15, 2018.

On January 17, 2018, the Company issued 100,000 convertible debenture units for aggregate gross proceeds of \$100,000. Each convertible debenture unit consists of \$1 principal amount of senior unsecured convertible debentures and 322 common share purchase warrants of the Company. The debentures bear interest at 6.0% per annum, calculated semi-annually on June 30 and December 31 of each year and mature 24 months from the date of closing. MMCAP International Inc. SPC and its affiliates subscribed for \$85,000 of the aggregate principal amount of convertible debenture units and is considered to be an insider of the Company

On January 29, 2018, the Company announced the settlement of \$2,650 of debt in consideration for the issuance of an aggregate of 2,984,959 common shares. The shares were negotiated based on the market price in November 2017, at a price ranging between \$0.63 and \$1.00 of debt

for every share. Due to the timing of the payment, the fair value of the common shares at the time of issuance was \$2.28 based on the closing price on the grant date. These shares were subject to a four-month lock-up period restriction on trading. The fair value of the consideration was estimated to be \$6,806 and a non-recurring non-cash loss on the settlement of debt of \$4,156 was recorded in the statement of profit and loss.

On February 7, 2018, the Company completed a strategic investment in Inner Spirit, a market leader in the franchising of retail cannabis dispensaries in jurisdictions in Canada where the private distribution of recreational cannabis will be legalized. The Company acquired 15,000,000 common shares of Inner Spirit in exchange for:

- a cash payment of \$350;
- 674,418 common shares of the Company; and
- 1,250,000 common share purchase warrants of the Company.

Pursuant to the investment agreement entered into by the Company and Inner Spirit, the Company also exercised its pre-emptive right to acquire an additional 1,500,000 common shares Inner Spirit for \$150, and 1,058,824 common shares for \$106. As a result, the Company now holds approximately 15% of the total issued and outstanding common shares of Inner Spirit.

On February 8, 2018, the Company subscribed for 1,818,181 common shares and 909,090 common share purchase warrants of Lotus Ventures Inc. for the subscription price of \$1,000.

On February 16, 2018, the Company announced that it had entered into a joint venture agreement with Peter Quiring, one of Canada's largest greenhouse builders and operators, to develop, construct and operate a state-of-the-art purpose-built greenhouse for cannabis cultivation in Leamington, Ontario.

On March 1, 2018, the Company announced that it had entered into a definitive agreement with Sundial Growers Inc. whereby the Company advanced \$7,000 to Sundial by way of a promissory note for a period of 6 months. Sundial will repay the promissory note either by a cash payment, through the delivery of an agreed upon volume of dried cannabis produced by Sundial ("**Grams**") or through a combination of cash and Grams. The Company extended the loan for an additional six months and as a result, the amount due on maturity to \$8,780.

On March 5, 2018, the Company announced that it had entered into a definitive agreement with its streaming partner FV Pharma Inc., a licensed producer under the ACMPR, to finance the construction of an indoor cultivation facility in Cobourg, Ontario. In return, the Company will be entitled to a 49.9% streaming interest of the cannabis cultivation yield produced at the facility in perpetuity.

On March 15, 2018, the Company announced that it had entered into a strategic alliance agreement with Ontario-based research and development firm Province. The Company will assist Province with the establishment and licensing of a cannabis facility focused on the research, development and commercialization of cannabis-based beverages. The Company and Province have also agreed to explore and collaborate on further commercial opportunities including supply and offtake arrangements, cannabis genetics development and refinement, co-branding opportunities, white-label opportunities, IP development and licensing as well as international

distribution opportunities. In consideration, the Company will receive 2,068,284 preferred shares in the capital of Province, representing a 10% equity ownership interest in Province, and the Company issued 303,030 common shares to Province.

Key Developments in the Second Quarter of 2018

On April 4, 2018, the Company obtained regulatory approval for a licensing agreement with a Canadian cannabis testing, analysis and licensing company (the "**Licensors**"). The Company will be granted an exclusive data access for cannabis testing, analysis and ranking for a term of two years. In consideration, the Company issued 359,211 common shares to the Licensors.

On April 10, 2018, the Company entered into a definitive agreement with Inverell S.A., a federally licensed cannabis operator based in Montevideo, Uruguay to purchase 80% of the issued and outstanding common shares of Inverell on a fully diluted basis. The shareholders of Inverell are entitled to receive aggregate consideration as follows:

- USD \$2,000 in cash on closing of the transaction
- 1,927,344 common shares on closing of the transaction
- 5,105,770 common shares upon the achievement of certain milestones, including the successful registration of Inverell's cannabis genetics and the successful exportation of CBD products.

Inverell is a federally licensed cannabis operator based in Montevideo, Uruguay. Inverell's license allows it to cultivate and harvest its proprietary hemp strain. Inverell is a large-scale outdoor producer of hemp plants for CBD extraction operating on an initial footprint of approximately 300 hectares. Inverell has recently commenced the planting of its feminized seeds on 150 hectares which it expects to complete by early December and harvest in mid-April of 2019. This transaction remains subject to final regulatory approval in Uruguay as at September 30, 2018.

On February 1, 2018, the Company purchased 10% of the outstanding common shares of Robinson's Cannabis Inc. ("Robinson's") for consideration of \$1,500. On April 30, 2018 the Company purchased the remaining 90% of the issued and outstanding shares of Robinsons. The shareholders of Robinsons received an aggregate consideration of common shares in the capital of the Company as follows:

- 5,369,126 common shares on closing of the acquisition;
- 2,013,421 common shares to be paid within ten business days of Robinsons receiving its Cultivation License from Health Canada; and
- 2,013,421 common shares to be paid within 10 business days of Robinsons receiving its sales license from Health Canada.

Robinson's is a privately-owned, late-stage licensed producer applicant under the ACMPR located in Kentville, Nova Scotia that is currently constructing a 27,700 square foot purpose-built cannabis cultivation facility.

On May 7, 2018, the Company entered into a definitive licensing agreement with Dixie Brands, Inc. As part of the Dixie agreement, the Company paid \$5,023 for the exclusive license to Dixie's intellectual property, product branding and formulation methodologies related to over 100 cannabinoid-infused products.

On May 15, 2018 the Company purchased 100% of the issued and outstanding shares of Dosecann Inc. The shareholders of Dosecann received aggregate consideration of common shares in the capital of the Company as follows:

- 5,253,955 common shares on closing of the acquisition;
- 9,609,594 common shares subject to lock-up agreements restricting their ability to transfer shares until a date that is up to 18 months following the closing date;
- 9,630,947 common shares issued in escrow subject to Dosecann achieving certain milestones;
- 5,701,248 replacement warrants.

On May 22, 2018, the Company announced that it entered into an agreement with a syndicate of underwriters, led by BMO Capital Markets, on a bought deal basis, to issue and sell 82,225,000 units of the Company at a price of \$1.40 per unit, representing aggregate gross proceeds to the Company of approximately \$115,115. Each unit consists of one common share and one-half of one common share purchase warrant, with each common share purchase warrant entitling the holder to purchase one common share at a price of \$1.85 per common share for a period of 24 months following the closing date.

On May 28, 2018, The Company announced that its streaming partner, FV Pharma Inc., now a wholly-owned subsidiary of FSD Pharma Inc., has received all of the necessary exchange and regulatory approvals to commence trading publicly on the Canadian Securities Exchange under the symbol "HUGE" and commenced trading on May 29, 2018.

On June 18, 2018, the Company announced that it had entered into a definitive joint venture agreement with Peter Quiring, one of Canada's largest greenhouse builders and operators, via a newly formed subsidiary, JVCo, to develop, construct and operate a fully-automated, state-of-the-art, purpose-built greenhouse for cannabis cultivation in Leamington, Ontario.

On June 21, 2018, the Company exercised its pre-emptive right to acquire an additional 2,647,058 Inner Spirit units for \$397 in order to maintain ownership of approximately 15% of the total issued and outstanding common shares of Inner Spirit. Each unit consists of one common share of Inner Spirit, and one-half share purchase warrant, entitling the Company to purchase a common share of Inner Spirit for \$0.30 over the next 24 months.

Key Developments in the Third Quarter of 2018

On July 17, 2018, the Company announced that its streaming partner, CannTx Life Sciences Inc. had been granted a cultivation license for its production facility in Puslinch, Ontario pursuant to the ACMPR.

On July 23, 2018, the Company's wholly-owned subsidiary, Kolab, received its sales license from Health Canada, pursuant to the ACMPR. The sales license authorizes Kolab to sell dried cannabis to registered Canadian medical patients across the country.

On July 30, 2018, the Company exercised its pre-emptive right to acquire an additional 7,058,824 Inner Spirit units for \$828 in order to maintain ownership of approximately 15% of the total issued and outstanding common shares of Inner Spirit. Each unit consists of one common share of Inner Spirit, and one-half share purchase warrant, entitling the Company to purchase a common share of Inner Spirit for \$0.30 over the next 24 months.

On August 1, 2018, the Company announced that its strategic downstream retail partner Inner Spirit had received all of the necessary exchange and regulatory approvals in order to commence trading publicly on the Canadian Securities Exchange under the symbol "ISH" as of August 1, 2018.

On August 9, 2018, the Company's wholly-owned subsidiary, Dosecann, obtained a Dealer's License for Controlled Drugs and Substances from Health Canada pursuant to the *Narcotics Control Regulations* for Dosecann's purpose-built 42,000 square foot facility located in Charlottetown, PEI.

On August 13, 2018, the Company entered into a strategic partnership with Cannabis OneFive, Inc., a provider of quality management and document control software systems for the cannabis industry. Auxly's wholly-owned subsidiary, Dosecann, will become a lead subscriber of C15's software, and the Company expects the C15 software to be deployed at other Auxly facilities.

In connection with the strategic partnership, the Company has entered into a share exchange agreement with C15. Pursuant to the agreement, Auxly issued 429,507 common shares and made a cash payment of \$50 to C15, and Auxly received 9,000,000 common shares in the capital of C15 and a common share purchase warrant entitling Auxly to purchase 4,325,000 common shares of C15 at an exercise price of \$0.075 per common share, representing a 30% ownership interest in C15 on a fully-diluted basis.

On August 29, 2018 the Company purchased all the issued and outstanding shares of KGK Science Inc. ("KGK"). The transaction was accounted for as a business combination. The shareholders of KGK received aggregate consideration of common shares in the capital of the Company and cash as follows:

- 4,132,231 common shares on closing of the acquisition;
- \$5,288 in cash on closing of the acquisition;
- \$2,159 in a cash payment to repay long term loans of KGK;
- \$1,081 as a future make-whole payment, depending on the share price of the Company 12 months following the transaction date.

On September 5, 2018 the Company subscribed for 5,909,090 shares in the capital of Delta 9 for consideration of \$16,250. The fair value of the long-term investment was valued at \$10,636 based on the market price of \$1.80/share on September 5, 2018, and the Company allocated the residual \$5,614 of the investment as a streaming interest intangible asset. Delta 9, through its wholly-

owned subsidiaries, is a licensed cannabis producer that operates an 80,000 square foot production facility in Winnipeg, Manitoba. Delta 9 has entered into a wholesale supply agreement with the Company, providing for the purchase of cannabis products cultivated by Delta 9.

On September 7, 2018 the Company announced that Dosecann had entered into a definitive supply agreement with Aphria Inc. pursuant to which Dosecann will have the option to purchase cannabis, including dried flower and cannabis oil, for distribution to certain international markets, including Mexico, Portugal, and Serbia, as well as a limited amount for distribution into the Canadian market.

On September 10, 2018, the Company subscribed for 3,755,868 common shares of Lotus for gross proceeds \$4,000. Of this, \$1,333 is a deposit for future purchases of cannabis that has been recorded as other assets. The fair value of the long-term investment was valued at \$939 based on the market price of \$0.25/share, and the Company allocated the residual \$1,728 of the investment as a streaming interest intangible asset. The Company will be granted the right to purchase or otherwise direct the sale of 50% of the facility's total production. In addition, the Company will have the right of first offer to purchase the remaining 50% of cultivation output as well as a right of first refusal to finance a prescribed portion of the first expansion to the facility and all or a portion of any further expansions.

On September 17, 2018, the Company subscribed for \$5,000 of convertible debentures of Kaneh Bosm BioTechnology Inc. ("KBB"). The debentures bear interest at 8% and have a maturity of September 17, 2021 and can be converted into units at the option of the Company, at a price of \$0.53 per unit. Each unit consists of one common share of KBB and one common share purchase warrant, exercisable at a price of \$1.06 per share for a period of three years. KBB has a number of agreements and licenses in place related to pharmaceutical distribution, wholesale importation, research and development, cultivation, production, storage, and exportation of cannabis. KBB has subsequently changed its name to ICC International Cannabis Corp.

On September 19, 2018 the Company subscribed for 7,500,000 shares of FSD Pharma Inc. ("FSD Pharma") for \$7,500. The fair value of the long-term investment was valued at \$5,700 based on the market price of \$0.76/share, and the Company allocated the residual \$1,800 of the investment as a streaming interest intangible asset. Proceeds from the financing will be used to fund the construction of a cultivation space that the Company and FSD Pharma are jointly developing. The Company retains a 49.9% stream of all cannabis and cannabis-derived products produced at the jointly developed phases of the facility.

Also in the third quarter of 2018, the Company terminated a previously announced interim agreement with IDP Group Inc. Management made the determination that this project was no longer commercially viable for the Company, and Management does not consider this project to be material.

RESULTS OF OPERATIONS

For the nine months ended September 30, 2018, the Company reported a net loss of \$32,563 with net loss of \$0.07 per common share on a non-diluted and diluted basis. This compares to a net loss of \$8,972 for the nine months ended September 30, 2017 with net loss of \$0.06 per common share on a non-diluted basis and diluted basis. The decrease in net income was primarily driven by an increase in general and operating expenses, compounded by non-cash and non-recurring expenses and losses during the period. The Company invested in new opportunities

and streaming partners in the cannabis industry as well as contributed to the execution of existing agreements.

Incomes

For the nine months ended September 30, 2018, the Company recognized \$537 as unrealized fair value gains on biological transformations from Cannabis harvests completed at Kolab. In relation to this, \$534 of production expenses were recognized. The harvested inventory is capitalized on the balance sheet, and the Company expects revenues from sales of cannabis products in the near future.

In addition, the Company's subsidiary KGK generated net revenues of \$512 on existing research contracts. These are recurring revenues to the Company and are expected to increase in the future.

Operating Expenses

Wages and benefits were \$5,129 during the nine months ended September 30, 2018. This compares to \$694 during the nine months ended September 30, 2017. The increase over the nine months ended September 30, 2017 was driven by initiatives to hire talent to keep up with the scaling operations of the business. Further, due to four acquisitions during the nine months ended September 30, 2018, wages and benefits were increased by the cost of the respective workforces of the acquisitions.

General and administration costs were \$3,310 for the nine months ended September 30, 2018. This compares to \$634 during the nine months ended September 30, 2017. The costs are primarily due to corporate and general administrative activities of the Company, scaling up of business operations, including executing on existing agreements. Also included in general and administration costs are payments of regulatory and transfer agent fees related to various equity and convertible debt financings.

Professional fees were \$5,276 during the nine months ended September 30, 2018. This compares to \$2,797 during the nine months ended September 30, 2017. The fees are attributable to ongoing services related to the Company's investment opportunities and due diligence related matters. Professional fees for the nine months ended September 30, 2018 included costs associated with four acquisitions, including consulting, legal, and accounting fees.

Business development fees were \$5,800 during the nine months ended September 30, 2018. This compares to \$3,547 during the nine months ended September 30, 2017. The fees were driven by the closing out of existing consulting contracts that were signed in 2017. The Company also incurred fees in relation to marketing activities (print and digital), and stakeholder communications. Business development costs over the remainder of 2018 will be mainly allocated towards new investment activities as the Company accelerates its operational activities. Business development fees for the 3 months ended September 30, 2018 were \$1,208, as many of the existing consulting contracts were closed out early in the year.

The Company recorded share-based payments of \$14,500 during the nine months ended September 30, 2018. Of this, \$6,032 relates to the Company issuing 5,913,334 restricted common shares to non-executive employees of the Company as compensation, as part of their employment agreements related to services performed in 2018. The restricted common shares

were issued pursuant to the terms of the Company's equity incentive plan, which was approved by the shareholders at the Company's most recent annual general meeting. The remainder relates to stock options issued to employees, consultants, and directors of the Company.

The following table summarizes information about stock options outstanding as at September 30, 2018:

	Options Issued	Average Exercise Price
Balance outstanding at December 31, 2017	19,861,085	\$ 0.38
Option granted		
January 15, 2018 Grant	1,120,000	\$ 2.23
January 15, 2018 Grant	1,200,000	\$ 2.15
January 26, 2018 Grant	200,000	\$ 2.26
January 31, 2018 Grant	150,000	\$ 2.40
February 28, 2018 Grant	1,280,000	\$ 1.54
March 27, 2018 Grant	2,350,000	\$ 1.80
May 17, 2018 Grant	308,468	\$ 1.66
June 21, 2018 Grant	4,395,000	\$ 1.24
August 23, 2018 Grant	500,000	\$ 1.00
September 27, 2018 Grant	5,580,000	\$ 1.24
Total options granted	17,083,468	\$ 1.49
Total options exercised	(550,000)	\$ 1.00
Total options cancelled	(2,590,000)	
Balance outstanding at September 30, 2018	33,804,553	\$ 0.96

Non-operating Income and Expenses

During the nine months ended September 30, 2018, the Company recorded an accretion charge of \$3,387 (2017 - \$717). The Company has repaid in full two unsecured loans of \$912 and \$1,000, respectively, which both bore accretion charges at 12%. Accretion was also charged on the September 2017 and January 2018 convertible debentures which bear interest at 6% per annum. Of the September 2017 issuance, 140 units convertible at \$1.00 remain in convertible debt and of the January 2018 issuance, 98,600 units convertible at \$1.55 remain in convertible debt, as at September 30, 2018.

On January 29, 2018, the Company settled long-term loans and accounts payable balances with a carrying amount of \$2,650 in consideration for the issuance of an aggregate of 2,984,959 common shares. The shares were negotiated at a price between \$0.63 and \$1.00 of debt for every unit share in November 2017. Due to the timing of the payment, the fair value of the common shares at the time of issuance was \$2.28 based on the closing price on the grant date. The fair value of the consideration was estimated to be \$6,806 and a non-recurring non-cash loss on the settlement of debt of \$4,156 was recorded in the statement of profit and loss.



Auxly Cannabis Group Inc.
Management's Discussion and Analysis
For the Nine Months Ended September 30, 2018

Summary of Quarterly Results

Quarter Ended	Total Assets	Total Liabilities	Total Revenues	Net Income (loss)	Earnings (loss) per share Basic & Diluted
30-Sep-18	\$ 501,040	\$ 133,217	\$ 6,714	\$ (9,880)	\$ (0.02)
30-Jun-18	\$ 478,866	\$ 121,038	\$ 282	\$ (12,163)	\$ (0.03)
31-Mar-18	\$ 281,213	\$ 95,493	\$ 618	\$ (10,520)	\$ (0.03)
31-Dec-17	\$ 92,579	\$ 29,786	\$ 1,378	\$ (9,205)	\$ (0.03)
30-Sep-17	\$ 44,170	\$ 26,579	\$ -	\$ (5,903)	\$ (0.01)
30-Jun-17	\$ 48,250	\$ 25,203	\$ -	\$ (1,583)	\$ (0.03)
31-Mar-17	\$ 2,512	\$ 869	\$ -	\$ (1,585)	\$ (0.03)
31-Dec-16	\$ 417	\$ 33	\$ 51	\$ (334)	\$ 0.00
30-Sep-16	\$ 748	\$ 29	\$ 73	\$ 15	\$ 0.00
30-Jun-16	\$ 719	\$ 16	\$ 56	\$ 7	\$ 0.03
31-Mar-16	\$ 712	\$ 16	\$ 51	\$ 82	\$ (0.00)
31-Dec-15	\$ 722	\$ 27	\$ 48	\$ (2)	\$ 0.00
30-Sep-15	\$ 636	\$ 21	\$ 74	\$ 11	\$ 0.00
30-Jun-15	\$ 629	\$ 24	\$ 71	\$ 17	\$ 0.00
31-Mar-15	\$ 623	\$ 35	\$ 65	\$ 7	\$ -

Net loss during the three months ended September 30, 2017, December 31, 2017, March 31, 2018, June 30, 2018, and September 30, 2018 were significantly higher due to the ramp up of operating activities including fees in management, marketing, business development, audit and legal, and transfer agent and filing fees.

Summary of most recent Annual Results

Year Ended	Total Assets	Total Liabilities	Total Revenues	Net Income (loss)	Earnings (loss) per share Basic & Diluted
31-Dec-17	\$ 92,579	\$ 29,786	\$ 1,378	\$ (18,276)	\$ (0.11)
31-Dec-16	\$ 417	\$ 33	\$ 231	\$ (230)	\$ (0.03)
31-Dec-15	\$ 722	\$ 27	\$ 258	\$ 33	\$ 0.01

Transactions with Related Parties

Key management and director compensation

The Company's key management personnel have authority and responsibility for overseeing, planning, directing and controlling the activities of the Company. Key management personnel include members of the Board of Directors, executive officers and the President. Compensation of key management personnel may include short-term and long-term benefits. Short-term benefits include salaries, bonuses and medical benefits. Long-term benefits include stock options or post-employment benefits. Compensation provided to current and former key management are as follows:

For the nine-months ended September 30	2018	2017
Short-term benefits	\$1,231	\$1,341
Long-term benefits (*)	598	134
	\$1,829	\$1,475

(*) Consists of share-based payments as the fair value of options granted to key management personnel of the Company under the Company's stock option plan.

Other related party transactions

Nesta Holding Co Ltd, a company owned and controlled by the CEO of the Company, provides travel and accommodation services to the Company on a month to month basis. For the nine months ended September 30, 2018, the Company incurred \$23 (September 30, 2017 - \$4) in general expenses.

A director and officer of the Company was a director of KGK prior to the acquisition and owned a minority interest in the Company.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the financial performance, liquidity or capital resources of the Company.

Proceeds from financing

The following table provides a breakdown regarding the target uses of proceeds for the \$100,000 convertible debt issuance on January 2018, and the \$115,115 equity financing on May 22, 2018.

Use of Proceeds	Amount Allocated to Use
Funding of Upstream Investments	\$175,115
Funding of Midstream Investments	\$10,000
Funding of Downstream Investments	\$5,000
General working capital purposes	\$25,000
Total	\$215,115

LIQUIDITY AND CAPITAL RESOURCES

During the nine months ended September 30, 2018, the Company financed its operations and met its capital requirements through debt and equity financings. The Company's objectives when managing its liquidity and capital resources are to generate sufficient cash to fund the Company's operating and working capital requirements. During the nine months ended September 30, 2018, the Company completed various equity and debt financings to meet its current and anticipated future obligations, and expansion plans.

Working capital as of September 30, 2018 was \$250,933 as compared to \$28,751 at December 31, 2017. The increase in working capital was primarily attributable to the \$203,466 increase in the balance in cash and cash equivalents, which consisted of the Company raising \$215,115 in debt and equity financings, raising \$95,017 in warrant and broker warrant unit exercises, using \$75,307 in investing activities, and using cash to finance operating activities.

During the nine months ended September 30, 2018, the Company significantly strengthened its balance sheet and liquidity position including \$215,115 in additional gross cash proceeds from

two financings. The Company anticipates that it has sufficient liquidity and capital resources to meet all of its planned expenditures for at least the next twelve months.

The Company is subject to risks and uncertainties that could significantly impair its ability to raise funds through debt or equity or to generate profits sufficient to meet future obligations, operational, or development needs. See "Risk Factors" below for information on the risks and uncertainties that could have a negative effect on the Company's liquidity.

Operating Activities

For the nine months ended September 30, 2018, cash outflows used for operating activities were \$25,591 compared to cash outflows of \$8,236 for the nine months ended September 30, 2017. Cash flows used for operations resulted primarily from cash outflows to scale up the business including hiring new staff, raising investor awareness, executing on current investments, and conducting due diligence on new investment opportunities.

Investing Activities

For the nine months ended September 30, 2018, the Company had net cash outflows related to investing activities of \$75,307 as compared to net cash outflows of \$18,155 for the nine months ended September 30, 2017. Investments include \$16,250 in Delta 9, \$9,027 in the Peter Quiring joint venture, \$8,865 of notes receivable, \$7,500 in FSD Pharma, \$5,000 in KBB convertible debt, \$5,023 in Dixie Brands, \$3,667 in Lotus Ventures, \$1,865 in Inner Spirit, and \$50 in C15, with the balance relating to business combinations and purchases of capital assets.

Financing Activities

For the nine months ended September 30, 2018, the Company had net cash inflows related to financing activities of \$304,364 as compared to \$51,767 for the nine months ended September 30, 2017. During the period, the Company raised aggregate net cash proceeds as follows:

- financings for net proceeds of \$209,359;
- exercise of warrants for proceeds of \$95,017;
- proceeds from share options exercised of \$550; less
- long-term debt repayments of \$562

Critical Accounting Estimates

The Company makes estimates about the future that affect the reported amount of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only; or in the period of the change and future periods, if the change affects both.

Areas requiring estimates and judgements are as follows:

Impairment assessment of indefinite life intangible assets, intangible assets not available for use and goodwill

The carrying value of goodwill, indefinite life intangible assets and intangible assets not yet in use are subject to annual impairment assessments. The Company's impairment tests for goodwill and intangible assets are based on the greater of value in use calculations that use a discounted cash flow model over a five-year period and estimated fair value less cost to sell. The value-in-use calculations employ the following key assumptions: future cash flows, growth projections including economic risk assumptions and estimates of achieving key operating metrics. The cash flows are derived from the Company's budget for the future and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset base of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The estimated fair value less cost to sell is based on assessment of comparable company multiples and precedent transactions.

Business Combinations

Judgment is used in determining whether an acquisition is a business combination or an asset acquisition. In determining the allocation of the purchase price in a business combination, including any acquisition-related contingent consideration, estimates including market based and appraisal values are used. The contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Contingent considerations have all been classified as equity which is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. The Company measures all the assets acquired and liabilities assumed at their acquisition-date fair values.

Valuation of the debt obligation receivable in product equivalents

In determining the valuation of the fair value of the debt obligation receivable in product equivalents, management estimates were used such as an appropriate discount rate, estimate of future selling prices and estimate of future production abilities.

Inputs when using Black-Scholes valuation model

The discount rates used to calculate the purchase price allocation, impairment analysis, net present value of notes receivable, the convertible debentures and the notes payable are based on management's best estimates of an approximate industry peer group weighted average cost of capital and management's best estimate of the Company's risk levels.

Changes in the general economic environment could result in significant changes to this estimate.

Discount rates

The discount rates used to calculate the purchase price allocation, impairment analysis, net present value of notes receivable, the convertible debentures and the notes payable are based on management's best estimates of an approximate industry peer group weighted average cost of capital and management's best estimate of the Company's risk levels.

Changes in the general economic environment could result in significant changes to this estimate.

Depreciation and amortization rates

Depreciation and amortization of property, plant and equipment and intangible assets are dependent upon estimates of useful lives, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets. Management estimates the cultivation license has an indefinite life due to the fact that it can be renewed annually with no substantial cost incurred.

Valuation of long-term investments in private companies

In determining the valuation of long-term investments in companies not publicly traded (IFRS 13 level 3 security), there are unobservable inputs used to measure fair value. Estimates were used for unobservable inputs using the best information available such as public company market comparables and recent public company transactions.

Convertible instruments

Convertible debentures are compound financial instruments which are accounted for separately by their components: a financial liability and an equity instrument. The financial liability, which represents the obligation to pay coupon interest on the convertible debentures in the future, is initially measured at its fair value and subsequently measured at amortized cost. The residual amount is accounted for as an equity instrument at issuance.

The identification of convertible debentures components is based on interpretations of the substance of the contractual arrangement and therefore requires judgment from management. The separation of the components affects the initial recognition of the convertible debenture at issuance and the subsequent recognition of interest on the liability component. The determination of the fair value of the liability is also based on a number of assumptions, including contractual future cash flows, discount rates and the presence of any derivative financial instruments.

Financial Instruments and Risk Management

The Company's financial instruments include cash and cash equivalents, other receivables, notes receivable, long-term investments, debt obligation receivable in product equivalent, trade and trade other payables, convertible debenture, long-term loans payable, interest payable on convertible debt. Cash and cash equivalents, other receivables, note receivables are exposed to credit risk and the Company reduces its credit risks by placing these instruments with institutions of high credit worthiness. Receivables relate to outstanding fees and the Company mitigates the credit risk by entering into agreements and reviewing its exposure to credit risk on a regular basis. The Company is exposed to liquidity risk with respect to its trade and other payables and the Company manages liquidity risk by maintaining sufficient cash balances for settlement of financial liabilities on their due dates.

Risk Factors

The Company's overall performance and results of operations are subject to a number of risks and uncertainties. Please refer to the Company's AIF, dated May 24, 2018, and the Company's Amended and Restated Short Form Base Shelf Prospectus, dated February 28, 2018 which are filed on SEDAR at www.sedar.com, for a detailed description of the risks and uncertainties, which are hereby incorporated by reference.

Outstanding Share and Option Data

As of November 12, 2018, the Company had the following securities issued and outstanding:

Securities	November 12 2018
	#
Issued and outstanding shares	581,489,228
Stock Options	39,637,053
Warrants	106,749,581
Convertible debentures	63,920,647

Subsequent Events

a) On October 22, 2018, the Company entered into a binding interim agreement with Atlantic Cultivation Inc. ("**Atlantic**"), an applicant under the ACMPR. Pursuant to the Agreement, the parties will collaborate on the development of a 110,000 square foot indoor cultivation facility in St. John's, Newfoundland and Labrador and on the development of retail locations in the province.

The Company will invest \$2,500 into Atlantic in exchange for a 50% equity stake and a long term right to purchase up to 30% of dried cannabis and cannabis trim produced at the Atlantic facility.

b) On November 1 2018, the Company received regulatory approval from Uruguay for the acquisition of Inverell, being the final approval required in Uruguay. The transaction remains subject to final TSXV approval.

c) Subsequent to September 30, 2018, 225,000 common shares were issued on the exercise of 225,000 stock options for gross proceeds of \$225, and 27,532 common shares were issued on the exercise of 27,532 warrants for gross proceeds of \$26.

Cautionary Note Regarding Forward Looking Statements

This MD&A and the documents incorporated by reference herein contain certain statements which contain "forward-looking information" within the meaning of Canadian securities legislation (each a "forward-looking statement"). No assurance can be given that the expectations in any forward-looking statement will prove to be correct and, as such, the forward-looking statements included in this MD&A should not be unduly relied upon. Forward-looking information is by its nature prospective and requires the Company to make certain assumptions and is subject to inherent risks and uncertainties. All statements other than statements of historical fact are forward-looking statements. The use of any of the words "anticipate", "plan", "contemplate", "continue", "estimate", "expect", "intend", "propose", "might", "may", "will", "shall", "project", "should", "could", "would", "believe", "predict", "forecast", "pursue", "potential", "capable", "budget", "*pro forma*" and similar expressions are intended to identify forward-looking statements. Forward-looking statements include, among others, statements pertaining to:

- the dependence of the Company's cash flow and financial performance on third parties;
- the price of medical and recreational cannabis;
- the lack of control over operations of the Company's streaming partners;
- the fluctuations in the price of the Company's shares and the market for the shares;
- the Company's ongoing investment strategy;
- the ability of the Company's streaming partners to produce medical and recreational cannabis;
- the successful buildout of the current and proposed facilities of each of the Company's streaming partners;
- changes in laws, regulations and guidelines, including the advent of the recreational cannabis and cannabis-derived products market and changes in the regulation of medical cannabis;
- licensing risk;
- regulatory risk;
- future liquidity and financial position;
- the Company's expectations with respect to future growth;
- the ability of the Company to generate cash flow; and
- the Company's competitive position.

The forward-looking statements in this MD&A are based on information currently available and what management believes are reasonable assumptions. Forward-looking statements speak only to such assumptions as of the date of this MD&A. In addition, this MD&A may contain forward-looking statements attributed to third party industry sources, the accuracy of which has not been verified by the Company. The purpose of forward-looking information is to provide the reader with a description of management's expectations, and such forward-looking information may not be appropriate for any other purpose. Readers should not place undue reliance on forward-looking information contained in this MD&A. The Company undertakes no obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable law.

Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. A number of factors could cause actual results to differ materially from a conclusion, forecast or projection contained in the forward-looking statements in this MD&A including, but not limited to, whether:

- current and future management will abide by the investment objectives and investment strategies of the Company;
- the Company will supplement its board of directors and management, or otherwise engage consultants and advisors, having knowledge of the industries in which the Company invests;
- streaming partners will be able to generate cash flow;
- general economic, financial market, regulatory and political conditions in which the Company operates will remain the same;
- the Company will be able to compete in the industry;
- the Company will be able to manage anticipated and unanticipated costs;
- the Company will be able to enter into additional streaming agreements;
- the Company will be able to maintain internal controls over financial reporting and disclosure, controls and procedures;
- patient services partners will continue to obtain approvals and permits necessary to operate their respective businesses in the ordinary course;
- streaming partners will be able to meet the requirements necessary to obtain and / or maintain their status as LPs; and
- streaming partners will be able to successfully complete initial construction and / or expansion construction of their respective facilities pursuant to the terms and conditions of their respective streaming agreements.

Although management believes that the expectation represented in such forward-looking statements are reasonable, there is no assurance that such expectations will prove to be correct. The Company cannot guarantee future results, performance or achievements.

Readers are further cautioned that the preparation of financial statements in accordance with IFRS requires management to make certain judgments and estimates that affect the reported amount of assets, liabilities, revenues and expenses. These estimates may impact the financial performance of the Company when further information becomes available.