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MANAGEMENT DISCUSSION & ANALYSIS

CSE:STILL
OTC:SCNNF

Nine Month Period Ended April 30, 2020

STILLCANNA INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE COMPANY'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE PERIOD ENDED APRIL 30, 2020

FORM 51-102F1

DATE AND SUBJECT OF REPORT

The following Management Discussion & Analysis ("**MD&A**") is intended to assist in the understanding of the trends and significant changes in the financial condition and results of operations of STILLCANNA INC. (hereinafter "**STIL**" or the "**Company**") for the period ended April 30, 2020.

This MD&A has been prepared with an effective date of April 30, 2020 and should be read in conjunction with the Company's April 30, 2020 quarterly consolidated financial statements, July 31, 2019 annual audited consolidated financial statements and audited consolidated financial statements for the year ended July 31, 2018 as filed on SEDAR.

SCOPE OF ANALYSIS

The following is a discussion and analysis of STIL. The Company reports its financial results in Canadian dollars and in accordance with International Financial Reporting Standards ("**IFRS**"). All reported financial information includes the financial results of STIL and its subsidiaries.

FORWARD LOOKING STATEMENTS

Certain information included in this MD&A may constitute forward-looking statements. Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements.

Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company may differ materially from those reflected in forward-looking statements due to a variety of risks, uncertainties and other factors. The Company's forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made, and the Company does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change except as required by law. For the reasons set forth above, investors should not place undue reliance on forward-looking statements. Important factors that could cause actual results to differ materially from the Company's expectations include uncertainty of estimates of capital and operating costs, production estimates and economic return; the assumption that the Company will become fully compliant with regulatory filing and continued listing requirements; uncertainties regarding completion of the Company's extraction facilities and associated *production approval; uncertainties regarding the Company's ability to obtain GMP certification; uncertainties regarding the Company's ability to meet its contractual obligations, including the ability to meet supply requirements; uncertainties regarding the ability of the Company to meet the requirements of the EU marketplace; uncertainties regarding the Company's relationships with certain joint venture partners; uncertainties regarding current and potential litigation arising from certain contractual relationships and other risks and uncertainties disclosed in other information released by the Company from time to time and filed with the appropriate regulatory agencies.*

It is the Company's policy that all forward-looking statements are based on the Company's beliefs and assumptions which are based on information available at the time these assumptions are made. The forward-looking statements contained herein are made as of April 30, 2020 and are subject to change after this date, and the Company assumes no obligation to publicly update or revise the statements to reflect new events or circumstances, except as may be required pursuant to applicable laws. Although management believes that the expectations represented by such forward-looking information or statements are reasonable, there is significant risk that the forward-looking information or statements may not be achieved, and the underlying assumptions thereto will not prove to be accurate.

Actual results or events could differ materially from the plans, intentions and expectations expressed or implied in any forward-looking information or statements, including the underlying assumptions thereto, as a result of numerous risks, uncertainties and other factors such as those described above and in "Risks and Uncertainties" below. The Company has no policy for updating forward looking information beyond the procedures required under applicable securities laws.

Additional information related to the Company is available for view on SEDAR at www.sedar.com.

GENERAL BUSINESS AND DEVELOPMENT

STIL is a publicly traded corporation incorporated in Canada with its head office located at 503 – 905 W. Pender St., Vancouver, BC V6C 1L6. The Company's common shares are traded on the Canadian Securities Exchange ("**CSE**") under the trading symbol "STIL". As of June 26, 2019, the Company's common shares commenced trading on the U.S. OTC Markets ("**OTC**") under the trading symbol "SCNNF".

Stillcanna is a fully integrated seed to Cannabidiol ("**CBD**") company with significant extraction and cultivation experience gained through the acquisition of Borganic Consulting Inc. ("**Borganic**") and Olimax NT Sp .Z.O.O ("**Olimax**") during the fiscal year ended July 31, 2019. The Company is uniquely positioned in the European Union with operations in Poland and Romania. The main focus of the Company is the production of large quantities of CBD isolate and CBD distillate to serve the wholesale marketplace emerging around the world.

Borganic Consulting Inc.

On February 26, 2019, the Company acquired 100% of the issued and outstanding shares of Borganic Consulting Inc. in exchange for 15,000,000 common shares of the Company with a fair value of $9,450,000 (the "**Borganic Acquisition**").

Upon completion of the Borganic Acquisition, the Company transitioned from a mining issuer to an early-stage life sciences company that plans to carry out the business of extracting CBD oils and crystals from hemp. Effective March 14, 2019 the Company changed its name to Stillcanna Inc. and began trading under a new symbol STIL on the CSE.

Olimax NT Sp .Z.O.O

On May 7, 2019, the Company announced the execution of a share purchase agreement with Olimax NT Sp .Z.O.O, a licensed producer of cannabidiol in Poland, to acquire 100% of the issued and outstanding shares of Olimax for consideration of 24,000,000 common shares of the Company and $2,000,000 cash consideration.

Sativa Group PLC

On Friday April 17, 2020, the Company signed a comprehensive Letter of Intent (**the "LOI**") to acquire Sativa Group PLC, one of the United Kingdom's (UK) first medical Cannabis Companies (the "**Proposed Transaction**"). On June 3, 2020 the Company signed a definitive agreement to acquire the Sativa Group. The Offer is a share for share exchange at a ratio of approximately 0.33507 new Stillcanna shares in exchange for each share of Sativa. The exchange ratio attributes an implied value for the entire issued share capital of Sativa of approximately £10,409,022 (based on the closing price of CAD 0.095 per Stillcanna Share on 21 April 2020). Completion of the acquisition will be subject to Stillcanna obtaining the approval of the CSE, as well as the approval of a majority of Stillcanna shareholders at the Stillcanna shareholder meeting as soon as possible pursuant to the policies of the CSE.

BUSINESS UPDATE AND OUTLOOK

Since inception, the Company has been focused on the manufacturing and bulk supply of CBD-based products for the European marketplace. The Company will manufacture both bulk CBD Isolate and THC-free distillate using its in-house engineered closed-loop ethanol extraction system. The Company anticipates that its manufacturing and extraction systems will enable it to produce more product at a lower cost per unit than competitive companies in the space.

COVID-19

The outbreak of COVID-19 has interrupted the Company's business initiates and delayed the opening of its Romanian factory and resulted in the closing of its Polish factory due to social distancing and other actions implemented by the respective governments. In response to these restrictions the Company implemented various measures to help mitigate the impact of COVID-19 on the Company, these measures included a 18.5% wage reduction for head office employees and senior management and the temporary layoff of certain non-essential staff members in Poland and Romania. The Company anticipates a soft reopening of the Polish facility in August or September and anticipates beginning operations in Romanian in the 4th quarter of 2020.

B2B Website

During the nine-month period ended April 30, 2020, the Company launched its business-to-business ("**B2B**") web portal to support its bulk sales initiatives. The Company obtained a comprehensive Certificate of Analysis ("**COA**") of its CBD Isolate. The COA indicates that the product is pure CBD, has non-detectable levels of THC, and is free of any heavy metals and pesticides ("the **CBD Isolate**"). The COA is available on the Company's B2B portal. The portal also makes available a certificate of Good Farming Practices, EU-registered hemp varietals used, a Material Safety Data Sheet and verification of EU HACCP compliant construction and anticipated filing for certification. Stillcanna anticipates adding additional certifications to the portal as they become available including Halal, Kosher, Non-GMO, Gluten-free, Organic and others. http://www.stillcanna.com.

Extraction Initiatives

Over the past 12 months the Company has been focused on the completion of two large extraction facilities based in Europe. Its initial facility based in Romania is a joint venture with its partner Dragonfly Biosciences Limited of the UK. The facility's construction is complete and in February 2020 Stillcanna obtained its final operational permits for the facility. The joint venture signed a 9-year lease with an option to purchase the approximately 12,000 square foot building in Bailesti, Romania close to the Bulgarian border.

The main building of approximately 10,000 square feet previously housed a textile manufacturer. The Company re-purposed the building and built the extraction facility to EU GMP standards. The Company's facility, named Origin, is the first government recognized facility of its kind dedicated to the extraction of CBD in the country. The Company had hoped to begin production in Romania in March of 2020 but due to the global health crisis, travel restrictions and dispute with the Company's joint venture partner, the company now anticipates beginning production in Q4 of 2020.

In Poland, since its acquisition of Olimax, the Company began construction of its second extraction facility called Nexus. The Nexus facility is optimized to make pure CBD crystal and is currently producing CBD isolate. The Company has installed its chromatography equipment enabling it to produce THC-free Distillate for the EU marketplace. Even though Nexus is currently producing CBD isolate. The Nexus facility was built using a proprietary closed-loop ethanol extraction process entirely cooled by liquid nitrogen, and it is believed to be the only such facility in the world. The entire process runs at minus 70 degrees Celsius and streamlines the extraction process with a unique winterization methodology. The facility has been manufacturing products under the licenses obtained through the Olimax acquisition, but new government initiatives may require the facility to obtain newer and additional licenses in the near future. During the COVID-19 epidemic the Company has taken this time to update its current licenses in Poland and is currently focused on obtaining its HACCP. HACCP is a management system in which food safety is addressed through the analysis and control of biological, chemical, and physical hazards from raw material production, procurement and handling, to manufacturing, distribution and consumption of the finished product.

Novel Food Application

The Company has begun its Novel Food Application and has hired Global Regulatory Services of the UK, an award winning global consulting firm with a specialty in Novel Food applications. Stillcanna is ready to submit its active ingredients for both stability and toxicology. As required within certain EU markets Stillcanna intends to have its Novel Food Application validated prior to the March 2021 deadline and remain market compliant in 2021 and beyond.

Agricultural Initiatives

In March 2019, the Company acquired Olimax NT Sp. Z.O.O., a third-generation Polish agricultural company focused on growing their own varietal of industrial Sativa L hemp *Gylana*. In 2019 Olimax planted 1500 hectares of hemp in various agricultural pockets throughout Poland. Olimax staggered its planting over an 8-week period to allow for a staggered harvest. Olimax purchased 5 custom-built harvesters using proprietary technology that cuts, stores and bundles the hemp flower in bales that can remain in an inert state for up to 2 years prior to processing. Olimax built proprietary dryers that can dry up to 2400 kgs of hemp in a 6-hour period. Harvest completion yielded 855 bales of hemp flower and nearly 100,000 pounds of seed.

This year the Company has taken a multi-pronged approach to its farming initiatives including planting on certified organic land. The Company's certified organic initiative could yield up to 100,000 kilos of premium organic hemp. Having a certified organic product allows Stillcanna to access a wider range of specialty customers.

Stillcanna along with its own agricultural efforts in Poland has agreements with multiple European based hemp farmers to assure the Company high CBD content EU compliant hemp biomass for 2020. All of the Company's own biomass will be farmed organically and follow Good Farming Practices. The Company anticipates processing a minimum of 18,000 kilos of biomass in its Polish facility every month but could double that amount should the market demand be there.

The Company's strategy of using its own farming complimented with agricultural partnerships is designed to assure the Company has access to the highest CBD content biomass available in Europe, while reducing agricultural and financial risks.

Multi-Year Extraction Agreement

The Company, through its wholly owned subsidiary Borganic, has signed an agreement with UK-based Dragonfly Biosciences Limited (“**Dragonfly**”) to form an exclusive joint venture company named Premium Extractions Ltd (“**PEI**”). The agreement sets out that PEI is owned 49% by Borganic and 51% by Dragonfly. The agreement also sets out that Dragonfly will purchase a minimum of 50,000 grams of CBD per month at 2 Euros per gram. Conversely, the agreement sets out that Borganic will provide PEI the capital to fund the development of the initial Romanian extraction facility located near the Bulgaria/Romania border, along with operational extraction management capabilities. PEI will be the exclusive extractor for Dragonfly and will also do third party tolling (extracting) for other companies.

Dragonfly Litigation

Stillcanna's wholly owned subsidiary, Borganic Consulting Inc., has secured all licenses and permits required for its ORIGIN extraction facility in Romania to commence the manufacturing of CBD. The facility was constructed through a joint venture partnership with Dragonfly Biosciences Limited of the UK. Even though Borganic Consulting remains dedicated to the ORIGIN extraction facility it has become concerned with the behavior of its partner Dragonfly Biosciences. In order to secure the future of the ORIGIN extraction facility and its investment to date, Borganic Consulting has initiated legal action in the UK against Dragonfly Biosciences for contractual breaches under the partnership agreement. Borganic Consulting is currently considering legal options to resolve these issues. Stillcanna and Borganic Consulting will continue towards the commencement of manufacturing CBD at the ORIGIN facility in a way that is in the interest of Stillcanna shareholders.

Supply Agreement with Biosciences of California

In May of 2019 Stillcanna signed a definitive agreement with BioScience Enterprises, Inc of California to supply up to 1,000 Kg per month of CBD isolate manufactured in its Polish Nexus extraction facility. Since beginning production of CBD Isolate, the Company had begun shipping CBD Isolate to Bioscience Enterprises Inc. as outlined in the supply agreement dated May 28, 2019. Since the signing of the agreement with Biosciences the global wholesale market of CBD Isolate has changed dramatically with prices falling as much as 75%. This market adjustment made the agreement with Biosciences financially unfeasible and Biosciences have returned the bulk of Isolate sent to them over the past quarter after April 30, 2020.

Stillcanna is now focused on establishing direct B2B contacts as the global CBD broker community has been squeezed out of margins and possible existence.

Biomass Agreement with Sequoya

In August 2019, the Company signed a definitive agreement to supply Sequoya Cannabis Ltd., located in Poland, with hemp biomass. The contract has a value of approximately $850,000 CAD. The Company has begun shipping hemp biomass to Sequoya Cannabis in Poland as outlined in the supply agreement dated August 23, 2019. The fulfillment of the Sequoya biomass was based on orders from Sequoya at a fixed price. Since the signing of the agreement and due to an abundance of available biomass worldwide, the cost of biomass has dropped and the current contracted price between the companies is no longer palatable. The companies remain in contact with ongoing business discussions but as of the date of this filing the Company does not anticipate shipping additional biomass to Sequoya.

The Global CBD Marketplace

The market for bulk CBD Isolate and Distillate remains fragmented with several geographical anomalies. Stillcanna's focus is the European marketplace, which comprises the UK, the EU and the balance of Europe. The UK is the leading consumer market for retail CBD products, followed by Italy. The UK is an anomaly in its practice of allowing local companies the importation and sale of non-EU based products, while the balance of EU countries want EU-manufactured products to trade within its boundaries.

Stillcanna produces an entirely EU-based compliant product and feels it is uniquely positioned to meet the requirements of the EU marketplace. Current prices based on quantity in Europe sit between 1,000 and 2,000 Euros per Kilogram. A Good Manufacturing Practices (**GMP**) certificate greatly increases the value of an extraction Company's products.

White Label Opportunities

As the bulk wholesale marketplace solidifies and matures, there are many Companies participating in the retail space for CBD products. Of the many CBD retail brands available throughout Europe, very few formulate and package their own products. The majority of existing brands use a company like Stillcanna to supply them with a finished and branded CBD product. In conjunction with its white-label services, Stillcanna will continue to supply larger consumers with its bulk CBD products. With the technology in place to meet the CBD industry’s product requirements, Stillcanna is launching a white-label program, allowing customers to put their own brand and logo on stock Stillcanna CBD product offerings. These offerings will initially include tinctures in various sizes, concentrations and flavors; CBD Isolate packaged in 1g, 3g and 10g quantities; and CBD gel caps of varying sizes and strengths. In working with various nutraceutical, pharmaceutical and cosmetic manufacturers in Europe, the Company intends to broaden its CBD-infused product offerings to eventually also include lip balms, topicals for skin and muscle care, as well as vape products.

The acquisition of the Sativa Group of Companies will affect Stillcanna’s plans for its own retail brand and its white labels initiates. Sativa has its own retail brands and bottling line for its own products and its white label initiatives and should the acquisition be completed, Stillcanna will leverage the brands and white label programs in place with Sativa.

Selected Annual Information

Year Ended:	July 31, 2019	July 31, 2018	July 31, 2017	July 31, 2016
Expenses	$ 11,691,219	$301,013	$23,153	$74,004
Net loss for the year	(20,580,966)	(596,933)	(287,426)	(69,731)
Basic and diluted loss per share	(0.38)	(0.03)	(0.03)	(0.01)
Balance Sheet Data:				
Cash and short-term investment	15,580,243	97,575	617	-
Total assets	43,932,691	101,868	263,306	264,720
Accounts payable and accrued liabilities	772,066	34,791	46,412	36,953
Shareholders’ equity	42,901,984	67,077	201,574	226,500
Cash Flow Data:				
Increase (decrease) in cash for the year	15,482,668	96,958	634	(121,841)

RESULTS OF OPERATIONS

The Company incurred a net loss of $20,590,566 for the year ended July 31, 2019.

Selling, General and Administrative (**SG&A**) Expenses

SG&A expenses amounted to $11,691,219 for the year ended July 31, 2019. Approximately 97% of this figure is represented by five expense categories: Consulting, advertising, share-based payments, professional fees and travel.

Consulting – Consulting fees paid during the year ended July 31, 2019 totaled $5,913,690. This figure consists mainly of advisory and finders’ fees paid during the year related to the acquisition of Borganic and Olimax. As part of the Borganic acquisition, the Company granted 1,800,000 common shares as a finder’s fee for a fair value of $1,134,000 and 2,000,000 common shares of the Company as an advisory fee with a fair value of $1,260,000. As part of the Olimax acquisition, the Company granted 1,300,000 common shares as a finder’s fee for a fair value of $1,495,000 and 700,000 common shares of the Company as an advisory fee with a fair value of $805,000. Also included in the consulting fees paid during the year is compensation to key executive officers before transitioning to permanent employees in August 2019.

Advertising – The Company incurred advertising expenditures totaling $3,069,369 during the year ended July 31, 2019. This figure was within the Company’s budget to increase brand recognition and raise shareholder awareness as a result of the recent changes in business activity from a mining issuer to a life sciences issuer.

Share-based payments – Total share-based payments for the year ended July 31, 2019 were $1,681,866. Share-based payments recorded resulted from the issuance of the following stock options:

	Number of Options	Weighted Average Exercise Price
Issued, August 2, 2018	100,000	$0.19
Issued, October 12, 2018	1,050,000	$0.63
Issued, May 27, 2019	1,800,000	$1.23

Share-based payments relating to options vesting during the year using the Black-Scholes Option Pricing Model were $1,681,866.

Professional fees – Professional fees totaled $458,766 for the year ended July 31, 2019. These fees resulted primarily from a number of large transactions including: Legal and accounting relating to the acquisition of Borganic and Olimax, legal fees incurred during the non-brokered private placement and the brokered financing, annual audits of all three entities, valuation charges related to both acquisitions, and professional fees attached to receiving dual listing on the OTC Markets.

Travel – The Company incurred travel expenditures of $294,054 during the year ended July 31, 2019. The expenditure relates primarily to the introduction of two international subsidiary Companies along with travel costs associated with the non-brokered private placement and the brokered financing.

<u>Other Items</u>

Loss on acquisition of subsidiary - The acquisition of Borganic was accounted for as an asset acquisition. There were no intangible assets identified that met the recognition criteria under IFRS and therefore the excess of the consideration paid over the fair value of the monetary assets and liabilities assumed, totaling $8,873,354, was expensed during the year-ended July 31, 2019.

<u>Year Ended July 31, 2018</u>

The Company incurred a net loss of $596,933 for the year ended July 31, 2018. The total expenses of $301,013 for the year ended July 31, 2018 related primarily to share based payments totaling $186,200, consulting fees of $51,500 and professional fees of $32,717. The total other expenses of $295,920 related primarily to the write down of mineral property of $276,584 due to insufficient funds to continue working and loss on debt settlement of $18,000 in connection with the settlement of a loan payable.

During the year ended July 31, 2018, the Company closed a non-brokered private placement financing for gross proceeds of $265,000 consisting of the issuance of 5,300,000 units of the Company at a price of $0.05 per unit. Each unit consists of one common share of the Company and one share purchase warrant. Each warrant is exercisable into one common share at a price of $0.10 per share for a period of five years.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of the Company's financial results for the nine most recent quarters:

Quarter Ended		Gross profit (loss)		Total expenses		Loss for the period		Basic and Diluted Loss per share
April 30, 2020	$	(71,604)	$	1,246,308	$	24,359,443	$	(0.22)
January 31, 2020	$	(104,825)	$	2,055,731	$	2,160,556	$	(0.03)
October 31, 2019	$	106,618	$	2,358,030	$	2,251,412	$	(0.02)
July 31, 2019	$	97,053	$	7,670,009	$	7,572,956	$	(0.38)
April 30, 2019	$	-	$	12,413,002	$	12,413,002	$	(0.23)
January 31, 2019	$	-	$	157,253	$	157,253	$	(0.00)
October 31, 2018	$	-	$	437,755	$	437,755	$	(0.02)
July 31, 2018	$	-	$	500,773	$	500,773	$	(0.01)
April 30, 2018	$	-	$	64,813	$	64,813	$	(0.00)

Quarter ended April 30, 2020

Revenue – Stillcanna's total revenue for the quarter ended April 30, 2020 was $130,104. Q3 saw a decrease in quarterly revenue of $101,894 compared to Q2 of 2020. This decrease in revenue was caused by the changing market conditions which decreased the value of brokered sales relationships. Stillcanna saw product returned from brokers who could no longer operate with such a tight margin re-emphasizing the need to develop B2B sales.

Revenue continued to be derived directly from sales of CBD isolate produced by the Company's Polish-based NEXUS facility. These sales were generated through the Company's B2B sales channel, which was developed through marketing and business development activities beginning in Q4 of 2019.

Cost of sales related to inventory production - Stillcanna's cost of sales was calculated using the following direct inputs for inventory production: Hemp Flower Biomass, Cost of Solvents, Energy Costs, Fuel/Generator Costs and Direct Labour required for production operations. Stillcanna has calculated the current cost to produce one kilogram of THC-Free CBD Isolate to be $1,080 CAD. The Company believes that this cost can be reduced dramatically with improvements to input hemp biomass, higher efficiency in solvent recovery, power supply upgrades currently underway to the Polish-based NEXUS facility, and additional training and experience in production best practices and standard operating procedures. The cost per kilogram of isolate varies depending on the quality of the input biomass which can lead to fluctuations on a per batch basis.

As at April 30, 2020, Stillcanna remained in the testing phase of operation at its Polish-based NEXUS facility. Each section of Stillcanna's closed-loop ethanol extraction process requires thorough testing and optimization to ensure continuous improvement and enhanced production efficiencies.

Consulting – The Company incurred consulting expenditures of $422,485 during the period ending April 30, 2020. This was figure was up approximately 8% over the previous quarter as the Company has engaged additional consultants to help secure the current licenses in Poland, and is currently focused on obtaining its HACCP. The Company anticipates the costs of consulting to drop in Q4 of 2020 as a result of cost saving measures due to COVID which have been implemented both in North American and Europe.

Advertising – The company incurred advertising expenditures of $6,700 during the period ending April 30, 2020, compared to $536,672 spent in the 2 previous quarters. Due to the dynamic and rapidly changing landscape of the global cannabis extract marketplace, the Company drastically reduced spending in advertising to preserve capital on hand to be used for operational growth and process development.

Professional fees – The company incurred expenditures totaling $140,077 for the three-month period ending April 30, 2020. Q3 saw an increase in professional fees over Q2 of 2020 by $84,425. The increase in fees relates to additional legal work surrounding potential acquisition targets.

Wages and salaries – The company paid wages and salaries totaling $275,530 for the three-month period ending April 30, 2020. Wages were consistent with the prior quarter which saw an expense of $271,388. The Company expects to see a significant drop in wages due to measures implemented in April as a response of the COVID-19 pandemic. These measures included a 18.5% wage reduction for head office employees and senior management and the temporary layoff of certain non-essential staff members in Poland and Romania.

Net and comprehensive loss – The Company realized a net and comprehensive loss of $24,359,443 for the three-month period ended April 30, 2020. Other items made up $22,651,945 of this loss and consisted of the following:

Impairment of Goodwill and Intangible Assets – Impairment of goodwill totaling $20,815,518 and impairment of intangible assets totaling $990,165 were recorded during the quarter ended April 30, 2020. On each reporting date, the Company's management assesses whether there are events of changes in circumstances that would more likely than not reduce the fair value of its reporting units below the carrying values and, therefore, require the intangible assets and goodwill to be tested for impairment. Based on the Company's market capitalization and inherent fair value incorporated into the proposed acquisition of Sativa, the Company recorded impairment of both Goodwill and intangible assets using the fair value less costs to sell approach. Goodwill and Intangible assets including the customer relationships and brands were recorded on the acquisition of Olimax in May of 2019. The dramatic decrease in market demand for wholesale CBD isolate from the acquisition date to current date was another major indicator of impairment which the Company's management factored into the decision.

Impairment of Inventory – Inventory impairment totaling $813,863 was recorded during the three-month period ended April 30, 2020. The Company tests inventories for impairment at each quarter-end and wrote down the hemp inventory to its net realizable value. Impaired inventory consists of hemp and seed inventory from the 2019 Olimax crop which the Company has determined does not contain high enough CBD concentrations to allow the extraction process to remain economically feasible.

Quarter ended January 31, 2020

Revenue – Stillcanna's total revenue for the quarter ended January 31, 2020 was $231,998. This revenue was derived directly from sales of CBD isolate produced by the Company's Polish-based NEXUS facility. These sales were generated through the Company's B2B sales channel, which was developed through marketing and business development activities beginning in Q4 of 2019. As the Company began developing the B2B sales channel, the market for cannabis extracts saw an influx of supply which resulted in a large decrease in demand and a drop in the competitive market price to approximately $1500 USD per kilogram.

Cost of sales related to inventory production - Stillcanna's cost of sales was calculated using the following direct inputs for inventory production: Hemp Flower Biomass, Cost of Solvents, Energy Costs, Fuel/Generator Costs and Direct Labour required for production operations. Stillcanna has calculated the current cost to produce one kilogram of THC-Free CBD Isolate to be $1,080 CAD. The Company believes that this cost can be reduced dramatically with improvements to input hemp biomass, higher efficiency in solvent recovery, power supply upgrades currently underway to the Polish-based NEXUS facility, and additional training and experience in production best practices and standard operating procedures.

As at January 31, 2020, Stillcanna remained in the testing phase of operation at its Polish-based NEXUS facility. Each section of Stillcanna's closed-loop ethanol extraction process requires thorough testing and optimization to ensure continuous improvement and enhanced production efficiencies.

Consulting – The Company incurred consulting expenditures of $392,293 during the period ending January 31, 2020. This total equated to approximately half of the previous quarter which totaled $717, 504. Consulting expenditures were higher in the previous quarter than anticipated due to one time-time payments made to various consultants focused on future business development opportunities, along with consulting expenditures associated with the completion of the Olimax acquisition. During the most recent Q1 and Q2, the Company did add key advisory personnel to implement operational goals and develop future sales channels. Currently, the company is reviewing existing consulting contracts and associated expenditures to make every effort possible to preserve capital on hand without limiting potential growth.

Advertising – The company incurred advertising expenditures of $6,424 during the period ending January 31, 2020, compared to $530,248 CAD spent in the quarter previous. Due to the dynamic and rapidly changing landscape of the global cannabis extract marketplace, the Company drastically reduced spending in advertising in order to preserve capital on hand to be used for operational growth and process development.

Share-based payments – On May 27, 2019, the Company granted 1,800,000 stock options, of which 650,000 were granted to certain directors of the Company. The options are exercisable after three months from the grant date for a period of five years at a price of $1.23 per share. Share-based payments relating to options vesting during the six-month's ended January 31, 2020 using the Black-Scholes Option Pricing Model was $415,952.

Professional fees – The company incurred expenditures totaling $55,832 for the three-month period ending January 31, 2020 compared to $244,402 in the previous quarter, relating to professional services rendered. The previous quarter saw an increase in audit accrual reflecting the increase in complexity in the year-end audit along with legal and accounting fees associated with the filing of the Business Acquisition Report associated with the acquisition of Olimax.

Wages and salaries – The company paid wages and salaries totaling $271,388 for the three-month period ending January 31, 2020. The increase in wages over previous quarters is a result of the additional staff hired at the Company's Nexus facility in Poland. The Company hired additional Extraction Technicians along with lab personnel in Poland to allow the Company to implement a seven days per week work schedule.

<u>Quarter ended October 31, 2019</u>

Gross Profit – The Company incurred a net loss of $2,251,412 for the three months ended October 31, 2019. Approximately 93% of operating expenses during the quarter were represented by five expense categories: Consulting, advertising, share-based payments, professional fees and wages and salaries.

Consulting – The Company incurred consulting expenditures of $717,504 during the quarter ended October 31, 2019. Consulting expenditures were higher than anticipated during the quarter due to one-time payments made to various consultants surrounding future business development opportunities along with consulting expenditures relating to the completion of the Olimax acquisition. The Company also added some key advisory personnel to help implement operational goals and expand future sales channels.

Advertising – The Company incurred advertising expenditures of $530,248 during the quarter ended October 31, 2019. This figure was within the Company's budget to increase brand recognition and raise shareholder awareness as a result of the recent changes in business activity from a mining issuer to a life sciences issuer.

Share-based payments – On May 27, 2019, the Company granted 1,800,000 stock options, of which 650,000 were granted to certain directors of the Company. The options are exercisable after three months from the grant date for a period of five years at a price of $1.23 per share. Share-based payments relating to options vesting during the quarter ended October 31, 2019 using the Black-Scholes Option Pricing Model was $415,952.

Professional fees – The company incurred expenditures totaling $244,402 for the three-month period ending October 31, 2019 relating to professional services rendered. Included in this total is an increased audit accrual reflecting the increase in complexity in the year-end audit along with legal and accounting fees associated with the filing of the Business Acquisition Report associated with the acquisition of Olimax.

Wages and salaries – The company paid wages and salaries totaling $186,250 for the three-month period ending October 31, 2019. The increase in wages over previous quarters is a result of transitioning key executives to salaried positions as well as securing additional staff to help expand operations in Poland.

Quarter ended July 31, 2019

During the fourth quarter ended July 31, 2019, the Company began earning revenue through the acquisition of Olimax. Sales were created based on inventory on hand at the time of acquisition. As discussed in the business update above, the Company is still awaiting full permitting approval of the Origin facility in Romania and was completing construction of the Nexus facility in Poland. The Company projects its first material revenue from Origin and Nexus to be realized by the end of 2019 or early 2020**.**

The Company incurred a net loss of $7,572,956 for the three months ended July 31, 2019. Approximately 96% of this figure is represented by four expense categories: Consulting, advertising, share-based payments, and travel.

Consulting – During the quarter, upon completion of the Olimax acquisition, the Company granted 1,300,000 common shares as a finder's fee for a fair value of $1,495,000 and 700,000 common shares of the Company as an advisory fee with a fair value of $805,000.

Advertising – The Company incurred advertising expenditures of $2,483,414 during the quarter ended July 31, 2019. This figure was within the Company's budget to increase brand recognition and raise shareholder awareness as a result of the recent changes in business activity from a mining issuer to a life sciences issuer.

Share-based payments – On May 27, 2019, the Company granted 1,800,000 stock options, of which 650,000 were granted to certain directors of the Company. The options are exercisable after three months from the grant date for a period of five years at a price of $1.23 per share. Share-based payments relating to options vesting during the year using the Black-Scholes Option Pricing Model was $1,001,366.

Travel - The Company incurred travel expenditures of $181,839 during the quarter ended July 31, 2019. The expenditure relates to trips made by key executives and consultants to complete due diligence and operational visits relating to the Olimax acquisition, travel related to the brokered financing completed during Q4, as well as travel to ensure the continuing development of the Company's joint venture extraction facility located in Romania.

CHANGE IN FINANCIAL CONDITION

As a response to the recent economic shutdown resulting from the COVID-19 pandemic, the Company has taken measures to preserve liquidity through implementation of the following measures:

- A 18.5% wage reduction for head office employees and senior management and the temporary layoff of certain non-essential staff members in Poland and Romania;
- Temporary freeze on all non-essential travel expenditures in accordance with social distancing guidelines;
- Implementation of a marketing freeze with the exception of regulatory press releases and general website updates.

On May 7, 2019, the Company announced the completion of a brokered financing of an aggregate of 21,187,587 subscription receipts at a price of $1.15 per subscription receipt for aggregate gross proceeds of approximately $24,365,000. The net proceeds of the financing were released to the Company in connection with the satisfaction of the escrow release conditions by the Company through its successful acquisition of Olimax NT Sp .Z.O.O. The subscription receipts automatically converted into one common share of the Company and one-half of one common share purchase warrant. Each full warrant is exercisable to acquire one common share for a period of 12 months at an exercise price of $1.73. In connection with the acquisition of Olimax, the Company issued 450,000 common shares to certain finders. It also issued 700,000 common shares to certain consultants in exchange for financial advisory services.

On October 10, 2018, the Company closed a non-brokered private placement financing of gross proceeds of $4,000,000 consisting of issuance of 16,000,000 units of the Company at a price of $0.25 per unit. Each unit consists of one common share and one-half of one share purchase warrant. Each whole share purchase warrant was exercisable into one common share at a price of $0.50 per share until October 10, 2019. In connection with the private placement, the Company paid cash finders' fees of $87,900 and 421,200 finder's warrants. Each finder's arrant was exercisable into one common share at a price of $0.50 per share until October 10, 2019.

LIQUIDITY AND CAPITAL RESOURCES

As of April 30, 2020, the Company had working capital of $6,007,599 (January 31, 2020: $8,594,742).

During the nine months ended April 30, 2020, the cash used in operating activities amounted to $6,471,537. The cash flows used by operations before changes in operating assets and liabilities amounted to $5,028,712. Changes in non-cash working capital items represented a decrease in cash of $1,442,825 and consisted primarily of refundable sales taxes receivable totaling $894,460. Subsequent to quarter-end, the majority of the outstanding sales taxes receivable, which were generated through a combination of extraction equipment, farming equipment and legal costs, have been collected from the Canadian and Polish Governments.

During the nine-month period ended April 30, 2020, the cash used in investing activities amounted to $5,431,204. $4,362,207 of this total was used to finance harvesting and extraction equipment as well as continue construction of the Company's Nexus facility in Poland. The remaining $1,068,998 was used to finance Premium Extractions capital requirements and licensing efforts.

During the nine months ended April 30, 2020, the Company issued 3,050,355 common shares resulting from the exercise of warrants raising additional share capital of $1,428,168. Lease payments for the nine-month period ended April 30, 2020 totaled $43,702. These lease payments relate to vehicles and farming equipment leased in Poland as well as right of use leases in Vancouver, BC.

Subsequent to April 30, 2020, the Company disposed of agricultural equipment consisting of 2 telescopic loaders, 1 harvester and 3 tractors. Along with its own agricultural efforts in Poland, the Company has signed agreements with multiple European based hemp farmers to assure a supply of high CBD content EU compliant hemp biomass for 2020. These agreements led to some equipment becoming redundant. The Company sold the two loaders for proceeds of $161,927, the harvester for proceeds of $ 7,288 and three tractors for net proceeds of $295,755.

As at April 30, 2020, the Company has begun manufacturing CBD isolate, but has yet to generate material operations that generate significant cash flows and its long-term financial success is dependent on the completion of existing CBD extraction facilities, the maturity and development of a stable wholesale CBD marketplace or engaging in other profitable business ventures and opportunities.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

The remuneration of directors and key management personnel during the three months ended April 30, 2020 and 2019 was as follows:

	April 30, 2020	April 30, 2019
Wages and salaries	$ 87,000	$ Nil
Consulting fees to Directors and key management personnel	40,500	74,866
	$ 127,500	$ 74,866

CONTINUING AND CONTRACTUAL OBLIGATIONS

On Friday April 17, 2020, the Company signed a comprehensive Letter of Intent (the "**LOI**") to acquire Sativa Group PLC, one of the United Kingdom's (**UK**) first medical Cannabis Companies (the "Proposed Transaction"). On June 3, 2020, the Company signed a definitive agreement to acquire the Sativa Group. The Offer is a share for share exchange at a ratio of approximately 0.33507 new Stillcanna shares in exchange for each share of Sativa. The exchange ratio attributes an implied value for the entire issued share capital of Sativa of approximately £10,409,022 (based on the closing price of CAD 0.095 per Stillcanna Share on 21 April 2020). Completion of the acquisition will be subject to Stillcanna obtaining the approval of the CSE, as well as the approval of a majority of Stillcanna shareholders at the Stillcanna shareholder meeting as soon as possible pursuant to the policies of the CSE.

In June of 2020, The Company announced that it had signed a supply agreement with Brains Bioceutical Corp to supply bulk CBD for processing to their European operations

In September 2018, the Company entered into a sublease agreement for their head office, with sublease term of 3 years. The base rent for the first year of the sublease is $28,800.

In November 2019, the Company entered into an additional sublease agreement at the Corporate head office with sublease term of twenty-one months. The base rent for the first year of the sublease is $38,400.

Through its wholly owned subsidiary Borganic, Stillcanna has signed an agreement with UK-based Dragonfly Biosciences Limited to form an exclusive joint venture company named Premium Extractions Ltd. The agreement sets out that PEI is owned 49% by Borganic and 51% by Dragonfly. The agreement also sets out that Dragonfly will purchase a minimum of 50,000 grams of CBD per month at 2 Euros per gram. Conversely, the agreement sets out that Borganic will provide PEI the capital to fund the development of the initial Romanian extraction facility located near the Bulgaria/Romania border, along with operational extraction management capabilities. PEI will be the exclusive extractor for Dragonfly and will also do third party tolling (extracting) for other companies. The facility is now fully licensed to operate, and the Company anticipates beginning manufacturing as soon as the current global health crisis is averted.

On May 28, 2019, the Company signed a definitive agreement with BioScience Enterprises, Inc of California to supply up to 1,000 Kg per month of CBD isolate manufactured in its Polish Nexus extraction facility. Since beginning production of CBD Isolate, the Company had begun shipping CBD Isolate to Bioscience Enterprises Inc. as outlined in the supply agreement dated May 28, 2019. Since the signing of the agreement with Biosciences the global wholesale market of CBD Isolate has changed dramatically with prices falling as much as 75%. This market adjustment made the agreement with Biosciences financially unfeasible and Biosciences have returned the bulk of Isolate sent to them over the past quarter after April 30, 2020.

In August of 2019, the Company signed a definitive agreement to supply Sequoya Cannabis Ltd., located in Poland, with hemp biomass. The contract has a value of approximately $850,000 CAD. The fulfillment of the Sequoya biomass was based on orders from Sequoya at a fixed price. Since the signing of the agreement and due to an abundance of available biomass worldwide, the cost of biomass has dropped and the current contracted price between the companies is no longer palatable. The companies remain in contact with ongoing business discussions but as of the date of this filing the Company does not anticipate shipping additional biomass to Sequoya.

RISKS AND UNCERTAINTIES

The business of the Issuer is subject to certain risks and uncertainties inherent in the cannabis industry. Prior to making any investment decision regarding the Issuer, investors should carefully consider, among other things, the risk factors set forth below.

While this Listing Statement has described the risks and uncertainties that management of the Issuer believes to be material to the Issuer's business, it is possible that other risks and uncertainties affecting the Issuer's business will arise or become material in the future.

If the Issuer is unable to address these and other potential risks and uncertainties, its business, financial condition or results of operations could be materially and adversely affected. In this event, the value of the Common Shares could decline and an investor could lose all or part of their investment.

The following is a description of the principal risk factors that will affect the Issuer:

Risks Related to the Issuer's Business

New Business Area and Geographic Market, and the Issuer's Ability to Implement the Business Strategy in this Area or Market

The Issuer's growth strategy is dependent upon expanding its product and service offerings into a new business area or a new geographic market. There can be no assurance that the new business area and geographic market will generate the anticipated clients and revenue. In addition, any expansion into a new business area or geographic market could expose the Issuer to new risks, including compliance with applicable laws and regulations, changes in the regulatory or legal environment; different customer preferences or habits; adverse exchange rate fluctuations; adverse tax consequences; differing technology standards or end-user requirements and capabilities; difficulties staffing and managing foreign operations; infringement of third-party intellectual property rights; adapting its products for new markets; difficulties collecting accounts receivable; or difficulties associated with repatriating cash generated or held abroad in a tax-efficient manner.

The growth and expansion of the Issuer's business is heavily dependent upon the successful implementation of the Issuer's business strategy. Execution of the Issuer's business strategy is subject to a variety of risks, including operating and technical problems, regulatory uncertainties and possible delays. There can be no assurance that the Issuer will be successful in the implementation of its business strategy. These factors could cause the Issuer's expansion into a new business area or into Israel to be unsuccessful or less profitable or could cause the Issuer's operating costs to increase unexpectedly or its sales to decrease, any of which could have a material adverse effect on the Issuer's prospects, business, financial condition or results of operations. In addition, there can be no assurance that laws or administrative practices relating to taxation, foreign exchange or other matters in Israel within which the Issuer intends to operate will not change. Any such change could have a material adverse effect on the Issuer's business, financial condition and results of operations.

New Industry and Market

The CBD industry and market are relatively new in the European Union and the United Kingdom, and this industry and market may not continue to exist or grow as anticipated or the Issuer may ultimately be unable to succeed in this new industry and market. These licensed producers are operating in a relatively new CBD industry and market. The licensed producers are subject to general business risks, as well as risks associated with a business involving an agricultural product and a regulated consumer product. The Issuer holds a controlling interest in an applicant to be a licensed extraction facilities in the European Union. Within the European Union, the Issuer intends to sell and market its CBD products. To this extent the Issuer needs to build brand awareness in this industry, and in the markets it operates in through significant investments in its strategy, its production capacity, quality assurance, and compliance with regulations. These activities may not promote the Issuer's brand and products as effectively as intended, or at all. Competitive conditions, consumer tastes, patient requirements and spending patterns in this new industry and market are relatively unknown and may have unique circumstances that differ from existing industries and markets. There are no assurances that this industry and market will continue to exist or grow as currently estimated or anticipated, or function and evolve in a manner consistent with management's expectations and assumptions. Any event or circumstance that affects the medical cannabis industry and market could have a material adverse effect on the Issuer's business, financial condition and results of operations.

Reliance on Licenses and Authorizations

The Issuer's ability to source hemp and extract CBD oil and isolate in various jurisdictions within the European Union and the United Kingdom is dependent on the Issuer's, including but not limited to the Issuer's partners, suppliers, and joint venture partners', ability to sustain and/or obtain the necessary licenses and authorizations by certain authorities in certain jurisdictions within the European Union and the United Kingdom. The impact of the compliance regimes, any delays in obtaining, or failure to obtain or keep the regulatory approvals may significantly delay or impact the development of markets, products, operations and sales initiatives and could have a material adverse effect on the business, results of operations and financial condition of the Issuer.

The licenses and authorizations are subject to ongoing compliance and reporting requirements and the ability of the Issuer, including but not limited to the Issuer's partners, suppliers and joint venture partners', to obtain, sustain or renew any such licenses and authorizations on acceptable terms is subject to changes in regulations and policies and to the discretion of the applicable authorities or other governmental agencies in the jurisdictions within the European Union and the United Kingdom and potentially in other foreign jurisdictions. Failure to comply with the requirements of the licenses or authorizations or any failure to maintain the licenses or authorizations would have a material adverse impact on the business, financial condition and operating results of the Issuer, including but not limited to the Issuer's subsidiaries.

Although the Issuer believes that it will meet the requirements to obtain, sustain or renew the necessary licenses and authorizations, there can be no guarantee that the applicable authorities will issue these licenses or authorizations. Should the authorities fail to issue the necessary licenses or authorizations, the Issuer may be curtailed or prohibited from the production and/or extraction of CBD or from proceeding with the development of its operations as currently proposed and the business, financial condition and results of the operation of the Issuer may be materially adversely affected.

There is no assurance that the Stillcanna Facilities will operate as intended or that the projected revenues will be achieved.

The Issuer has constructed CBD extraction facilities, namely the Origin Facility and the Nexus Facility (together, the "**Stillcanna Facilities**"), and this component of the Issuer's business plan is subject to considerable risks, including:

- there is no assurance that the Stillcanna Facilities will achieve the intended CBD extraction rates;

- the costs of constructing and operating the Stillcanna Facilities may be greater than anticipated and the Issuer may not be able to recover these greater costs through increases in CBD extraction and production;

- the potential distribution or manufacturer partners who have indicated a willingness to purchase our CBD products may withdraw if our CBD products are not produved by the anticipated timeline; and

- the revenues from the sales of the CBD products may be less than anticipated.

Change of Cannabis Laws, Regulations, and Guidelines

Cannabis laws and regulations, including but not limited to those that apply to the hemp and CBD industry, are dynamic and subject to evolving interpretations which could require the Issuer to incur substantial costs associated with compliance or alter certain aspects of its business plan. It is also possible that regulations may be enacted in the future that will be directly applicable to certain aspects of the Issuer's business. The Issuer cannot predict the nature of any future laws, regulations, interpretations or applications, nor can it determine what effect additional governmental regulations or administrative policies and procedures, when and if promulgated, could have on the Issuer's business. Management expects that the legislative and regulatory environment in the CBD industry in the European Union and the United Kingdom and internationally will continue to be dynamic and will require innovative solutions to try to comply with this changing legal landscape in this nascent industry for the foreseeable future. Compliance with any such legislation may have a material adverse effect on the Issuer's business, financial condition and results of operations.

Public opinion can also exert a significant influence over the regulation of the CBD industry. A negative shift in the public's perception of the CBD industry could affect future legislation or regulation in different jurisdictions, including in the United Kingdom and other European countries that Issuer plans to distribute its CBD products.

Uncertain Demand for Cannabis and Derivative Products

The legal cannabis extracts industry in the European Union and the United Kingdom is at an early stage of its development. Consumer perceptions regarding legality, morality, consumption, safety, efficacy and quality of medicinal cannabis extracts and hemp extracts are mixed and evolving and can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of hemp extracts and related products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the hemp market or CBD market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity, could have a material adverse effect on the demand for medicinal cannabis and on the business, results of operations, financial condition and cash flows of the Issuer. Further, adverse publicity reports or other media attention regarding cannabis in general, or associating the consumption of medicinal cannabis with illness or other negative effects or events, could have such a material adverse effect. Public opinion and support for medicinal cannabis use has traditionally been inconsistent and varies from jurisdiction to jurisdiction. The Issuer's ability to gain and increase market acceptance of its business may require substantial expenditures on investor relations, strategic relationships and marketing initiatives. There can be no assurance that such initiatives will be successful and their failure to materialize into significant demand may have an adverse effect on the Issuer's financial condition.

Product Liability

As a distributor of products designed to be ingested by humans, the Issuer faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused bodily harm or injury. In addition, the sale of the Issuer's products involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Adverse reactions resulting from human consumption of the Issuer's products alone or in combination with other medications or substances could occur. The Issuer may be subject to various product liability claims, including, among others, that the Issuer's products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning health risks, possible side effects or interactions with other substances. A product liability claim or regulatory action against the Issuer could result in increased costs, could adversely affect the Issuer's reputation with its clients and consumers generally, and could have a material adverse effect on the results of operations and financial condition of the Issuer. There can be no assurances that the Issuer will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of the Issuer's potential products.

Product Recalls

Distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labelling disclosure. If any of the Issuer's products are recalled due to an alleged product contamination or for any other reason, the Issuer could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Issuer may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin, or at all. In addition, a product recall may require significant management attention. Although the Issuer has detailed procedures in place for testing its products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if the Issuer's products are subject to recall, the reputation of the Issuer could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the Issuer's products and could have a material adverse effect on the results of operations and financial condition of the Issuer. Additionally, product recalls may lead to increased scrutiny of the Issuer's operations by regulatory agencies, requiring further management attention, potential loss of applicable licenses, and potential legal fees and other expenses.

Regulatory Compliance Risks

Achievement of the Issuer's business objectives is contingent, in part, upon compliance with regulatory requirements enacted by governmental authorities and obtaining all regulatory approvals, where necessary, for the manufacture and sale of its products. The Issuer may not be able to obtain or maintain the necessary licenses, permits, quotas, authorizations or accreditations to operate its business, or may only be able to do so at great cost. The Issuer cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by local governmental authorities.

The Issuer will also rely on the advice of local experts and professionals in connection with any current and new regulations that develop in respect of banking, financing and tax matters in the operating countries within the European Union and the United Kingdom. Any developments or changes in such legal, regulatory or governmental requirements or in local business practices in Israel are beyond the control of the Issuer and may adversely affect its business.

The Issuer will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. The Issuer may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Issuer's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Issuer.

Retention and Acquisition of Skilled Personnel

The loss of any member of the Issuer's management team, could have a material adverse effect on its business and results of operations. In addition, the inability to hire or the increased costs of hiring new personnel, including members of executive management, could have a material adverse effect on the Issuer's business and operating results. The expansion of marketing and sales of its products will require the Issuer to find, hire and retain additional capable employees who can understand, explain, market and sell its products. There is intense competition for capable personnel in all of these areas and the Issuer may not be successful in attracting, training, integrating, motivating, or retaining new personnel, vendors, or subcontractors for these required functions. New employees often require significant training and in many cases, take a significant amount of time before they achieve full productivity. As a result, the Issuer may incur significant costs to attract and retain employees, including significant expenditures related to salaries and benefits and compensation expenses issued in connection to equity awards, and may lose new employees to its competitors or other companies before it realizes the benefit of its investment in recruiting and training them. In addition, as the Issuer moves into new jurisdictions, it will need to attract and recruit skilled employees in those new areas.

Risks Inherent in an Agricultural Extraction Business

The Issuer's business involves the extraction of cannabis extracts, which is an agricultural product. The occurrence of severe adverse weather conditions, especially droughts or floods is unpredictable, may have a potentially devastating impact on agricultural production, and may otherwise adversely affect the supply of cannabis. Adverse weather conditions may be exacerbated by the effects of climate change and may result in the introduction and increased frequency of pests and diseases. The effects of severe adverse weather conditions may reduce the Issuer's yields or require the Issuer to increase its level of investment to maintain yields. Additionally, higher than average temperatures and rainfall can contribute to an increased presence of insects and pests, which could negatively affect cannabis crops. Future droughts could reduce the yield and quality of the Issuer's cannabis production, which could materially and adversely affect the Issuer's business, financial condition and results of operations.

The occurrence and effects of plant disease, insects and pests can be unpredictable and devastating to agricultural operations, potentially rendering all or a substantial portion of the affected harvests unsuitable for sale. Even when only a portion of the production is damaged, the Issuer's results of operations could be adversely affected because all or a substantial portion of the production costs may have been incurred. Although some plant diseases are treatable, the cost of treatment can be high and such events could adversely affect the Issuer's operating results and financial condition. Furthermore, if the Issuer fails to control a given plant disease and the production is threatened, the Issuer may be unable to adequately supply its customers, which could adversely affect its business, financial condition and results of operations. There can be no assurance that natural elements will not have a material adverse effect on production.

Limited Operating History

The Issuer was previously in the business of mineral exploration prior to its transition into life sciences. As a result, the Issuer has a limited operating history in the CBD extraction space upon which its business and future prospects may be evaluated. The Issuer will be subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that it will not achieve its operating goals. In order for the Issuer to meet its future operating requirements, the Issuer will need to be successful in its growing, marketing and sales efforts of its cannabis products. Additionally, where the Issuer experiences increased sales, the Issuer's current operational infrastructure may require changes to scale the Issuer's business efficiently and effectively to keep pace with demand, and achieve long-term profitability. If the Issuer's products are not accepted by new partners, the Issuer's operating results may be materially and adversely affected.

Managing Growth

In order to manage growth and changes in strategy effectively, the Issuer must: (a) maintain adequate systems to meet customer demand; (b) expand sales and marketing, distribution capabilities, and administrative functions; (c) expand the skills and capabilities of its current management team; and (d) attract and retain qualified employees. While it intends to focus on managing its costs and expenses over the long term, the Issuer expects to invest its earnings and capital to support its growth, but may incur additional unexpected costs. If the Issuer incurs unexpected costs it may not be able to expand quickly enough to capitalize on potential market opportunities.

Legal and Regulatory Proceedings

From time to time, the Issuer may be a party to legal and regulatory proceedings, including matters involving governmental agencies, entities with whom it does business and other proceedings arising in the ordinary course of business. The Issuer will evaluate its exposure to these legal and regulatory proceedings and establish reserves for the estimated liabilities in accordance with generally accepted accounting principles. Assessing and predicting the outcome of these matters involves substantial uncertainties. Unexpected outcomes in these legal proceedings, or changes in management's evaluations or predictions and accompanying changes in established reserves, could have an adverse impact on the Issuer's financial results.

The Issuer's participation in the cannabis industry may lead to litigation, formal or informal complaints, enforcement actions, and inquiries by third parties, other companies and/or various governmental authorities against the Issuer. Litigation, complaints, and enforcement actions involving the Issuer could consume considerable amounts of financial and other corporate resources, which could have an adverse effect on the Issuer's future cash flows, earnings, results of operations and financial condition.

The Issuer’s production is, in general, subject to different risks and hazards, including adverse weather conditions, fires, plant diseases and pest infestations, other natural phenomena, industrial accidents, labour disputes, changes in the legal and regulatory framework applicable to the Issuer and environmental contingencies.

The Issuer’s insurance may cover only part of the losses it may incur and does not cover losses on crops due to drought or floods. Furthermore, certain types of risks may not be covered by the policies that the Issuer may holds. Additionally, any claims to be paid by an insurer due to the occurrence of a casualty covered by the Issuer’s policies may not be sufficient to compensate the Issuer for all of the damages suffered. The Issuer may not be able to maintain or obtain insurance of the type and amount desired at a reasonable cost. If the Issuer were to incur significant liability for which it were not fully insured, it could have a materially adverse effect on the Issuer’s business, financial condition and results of operations.

Inter-company Transfers of Funds

As the Issuer's operations will be carried on through its subsidiaries, it will be dependent on cash flows from its subsidiaries. The Issuer is not currently subject to or aware of any limitations on the repatriation of funds from the subsidiaries in the United Kingdom and the European Union. The Issuer will develop a cash management system to provide for the flow of funds between the Issuer and the subsidiaries. It is expected that such a system will provide for:

- the structuring and documentation of fund transfers as loan arrangements, capital investments and/or management services arrangements between relevant entities;

- internal approval process by the controller and the general manager at the subsidiary level, and for certain transactions exceeding the subsidiary’s authority limits, by the Issuer’s CFO; and

- compliance with internal procedures and applicable local regulations.

If any issues arising with the repatriation of funds it may have an adverse effect on the Issuer.

Emerging Market Risks

Emerging market investment generally poses a greater degree of risk than investment in more mature market economies because the economies in the developing world are more susceptible to destabilization resulting from domestic and international developments. All of the Issuer’s operations are in the European Union and the United Kingdom, some jurisdictions within those areas have a history of geopolitical instability and crises including those related to terrorism. Although there is no current major political instability in the operating countries, this could be subject to change in the future and could adversely affect the Issuer’s business, financial condition and results of operations.

Global Economy

Financial and securities markets in the European Union and the United Kingdom are influenced by the economic and market conditions in other countries. Although economic conditions in these countries may differ significantly from economic conditions in Canada, international investors' reactions to developments in these other countries, may substantially affect capital inflows into the European Union economy, and the market value of securities of issuers with operations in the European Union and the United Kingdom.

Economic downturn or volatility could have a material adverse effect on the Issuer's business, financial condition and results of operations. In addition, weakening of economic conditions could lead to reductions in demand for the Issuer's products. For example, its revenues can be adversely affected by high unemployment and other economic factors. Further, weakened economic conditions or a recession could reduce the amount of income customers are able to spend on the Issuer's products. In addition, as a result of volatile or uncertain economic conditions, the Issuer may experience the negative effects of increased financial pressures on its clients. For instance, the Issuer's business, financial condition and results of operations could be negatively impacted by increased competitive pricing pressure, which could result in the Issuer incurring increased bad debt expense. If the Issuer is not able to timely and appropriately adapt to changes resulting from a weak economic environment, its business, results of operations and financial condition may be materially and adversely affected.

Additional Risks Relating to Doing Business Internationally

The Issuer may be subject to risks generally associated with doing business in international markets when it expands into the international markets, specifically Poland, Romania, Germany and the United Kingdom. Several factors, including legal and regulatory compliance and weakened economic conditions in any of the international jurisdictions in which the Issuer may do business could adversely affect such expansion and growth.

Additionally, if the Issuer enters into new international jurisdictions, such entries would require management attention and financial resources that would otherwise be spent on other parts of the business.

International business operations expose the Issuer to risks and expenses inherent in operating or selling products in foreign jurisdictions. In addition to the risks mentioned elsewhere, these risks and expenses could have a material adverse effect on the Issuer's business, results of operations or financial condition and include without limitation:

- adverse currency rate fluctuations;

- risks associated with complying with laws and regulations in the countries in which the Issuer intends to sell its products, and requirements to apply for and obtain licenses, permits or other approvals and the delays associated with obtaining such licenses, permits or other approvals;

- multiple, changing and often inconsistent enforcement of laws, rules and regulations;

- the imposition of additional foreign governmental controls or regulations, new or enhanced trade restrictions or non-tariff barriers to trade, or restrictions on the activities of foreign agents, and distributors;

- increases in taxes, tariffs, customs and duties, or costs associated with compliance with import and export licensing and other compliance requirements;

- the imposition of restrictions on trade, currency conversion or the transfer of funds or limitations on the Issuer's ability to repatriate non-Canadian and/or non-Israeli earnings in a tax effective manner;

- the imposition of Canadian and/or other international sanctions against a country, company, person or entity with whom the Issuer may do business that would restrict or prohibit the Issuer's business with the sanctioned country, company, person or entity;

- downward pricing pressure on the Issuer's products in the Issuer's international markets, due to competitive factors or otherwise;

- laws and business practices favouring local companies;

- political, social or economic unrest or instability;

- expropriation and nationalization and/or renegotiation or nullification of necessary licenses, approvals, permits and contracts;

- greater risk on credit terms, longer payment cycles and difficulties in enforcing agreements and collecting receivables through certain foreign legal systems;

- difficulties in enforcing or defending intellectual property rights; and

- the effect of disruptions caused by severe weather, natural disasters, outbreak of disease or other events that make travel to a particular region less attractive or more difficult.

Governments in certain foreign jurisdictions intervene in their economies, sometimes frequently, and occasionally make significant changes in policies and regulations. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on doing business, price controls, import controls, currency remittance, income and other taxes, royalties, the repatriation of profits, foreign investment, licenses and approvals and permits.

The Issuer's international efforts may not produce desired levels of sales. Furthermore, the Issuer's experience with selling products in Israel may not be relevant or may not necessarily translate into favourable results if it sells in other international markets. If and when the Issuer enters into new markets in the future, it may experience different competitive conditions, less familiarity by customers with the Issuer's brand and/or different customer requirements. As a result, the Issuer may be less successful than expected in expanding sales to new international markets. Sales into new international markets may take longer to ramp up and reach expected sales and profit levels, or may never do so, thereby affecting the Issuer's overall growth and profitability. To build brand awareness in these new markets, the Issuer may need to make greater investments in legal compliance, advertising and promotional activity than originally planned, which could negatively impact the expected profitability of sales in those markets.

Risks Related to Investment in a European Company

Potential Political, Economic and Military Instability in the European Union

The Issuer's operations are located in the European Union and the United Kingdom (the "Operating Jurisdictions"). Consequently, the Issuer is dependent upon Operating Jurisdictions' economic, political and military conditions. As a result, the Issuer's business, financial position and results of operations may be affected by the general conditions of the economy, price instabilities, currency fluctuations, inflation, interest rates, regulation, taxation, social instabilities, political unrest and other developments in or affecting the Operating Jurisdictions, over which the Issuer has no control. In the past, the Operating Jurisdiction's have experienced periods of weak economic activity and deterioration in economic conditions. The Issuer cannot assure that such conditions will not return or that such conditions will not have a material adverse effect on the Issuer's business, financial condition or results of operations. The Issuer's operations could be disrupted by the absence for significant periods of one or more of its senior management, key employees or a significant number of other employees.

Crime and Business Corruption Risk

The Issuer and its personnel are required to comply with applicable anti-bribery laws, including the Canadian Corruption of Foreign Public Officials Act, as well as local laws in all areas in which the Issuer does business. These, among other things, include laws in respect of the monitoring of financial transactions and provide a framework for the prevention and prosecution of corruption offences, including various restrictions and safeguards. However, there can be no guarantee that these laws will be effective in identifying and preventing money laundering and corruption. While corruption does not appear to be institutionalized and businesses can largely operate and invest in the Operating Jurisdictions without interference from corrupt officials, there is evidence that corruption exists in the Operating Jurisdictions. The failure of the European Union government to fight corruption or the perceived risk of corruption could have a material adverse effect on the local economies. Any allegations of corruption or evidence of money laundering in the Operating Jurisdictions could adversely affect the ability of the European Union and/or the United Kingdom to attract foreign investment and thus have a material adverse effect on its economy which in turn could have a material adverse effect on the Issuer's business, results of operations, financial condition and prospects. Moreover, findings against the Issuer, the directors, the officers or the employees of the Issuer, or their involvement in corruption or other illegal activity could result in criminal or civil penalties, including substantial monetary fines, against the Issuer, the directors, the officers or the employees of the Issuer. Any government investigations or other allegations against the Issuer, the directors, the officers or the employees of the Issuer, or finding of involvement in corruption or other illegal activity by such persons, could significantly damage the Issuer's reputation and its ability to do business and could have a material adverse effect on its financial condition and results of operations.

Operational Risks

Operations in the Operating Jurisdictions are subject to risk due to the potential for social, political, economic, legal and fiscal instability. The government in the European Union and the United Kingdom face ongoing problems including but not limited to inflation, unemployment and inequitable income distribution. Although the Issuer is not presently aware of any circumstances or facts which may cause the following to occur, other risks may involve matters arising out of the evolving laws and policies in the Operating Jurisdictions, any future imposition of special taxes or similar charges, as well as foreign exchange fluctuations and currency convertibility and controls, the unenforceability of contractual rights or the taking or nationalization of property without fair compensation, restrictions on the use of expatriates in the Issuer's operations, or other matters.

Enforcement of Judgments

The Issuer was incorporated under the laws of the Province of British Columbia, however all of its assets are located outside Canada. As a result, investors may not be able to effect service of process within Canada upon the Issuer's potential future foreign directors or officers or enforce against them in Canadian courts judgments predicated on Canadian securities laws. Likewise, it may also be difficult for an investor to enforce in Canadian courts judgments obtained against these persons in courts located in jurisdictions outside Canada. As a result, shareholders may have more difficulty in protecting their interests in the face of actions taken by management, members of the Board or controlling shareholders than they would as public shareholders of a Canadian company.

Difficulty Enforcing Canadian Law Against an Israeli Company

All of the Issuer's assets and the assets of each of the directors and executive officers, except Jason Dussault, are located outside of Canada. Therefore, a judgment obtained against the Issuer, or the foreign directors and officers, including a judgment based on the civil liability provisions of the Canadian securities laws, may not be collectible in Canada and may not be enforced by a court in the European Union or United Kingdom. It also may be difficult to effect service of process in Canada or to assert Canadian securities law claims in original actions instituted in the European Union. European courts may refuse to hear a claim based on an alleged violation of Canadian securities laws reasoning that the European Union is not the most appropriate forum in which to bring such a claim. In addition, even if a European court agrees to hear a claim, it may determine that European law and not Canadian law is applicable to the claim. If the Canadian law is found to be applicable, the content of applicable Canadian law must be proven as a fact by expert witnesses, which can be a time consuming and costly process. Certain matters of procedure will also be governed by foreign law. As a result of the difficulty associated with enforcing a judgment against the Issuer or the Issuer in the European Union, it may be difficult to collect any damages awarded by either a Canadian or a foreign court. See "Enforceability of Civil Liabilities".

Risks Related to Financial and Accounting

Access to Capital

The Issuer makes, and will continue to make, substantial investments and other expenditures related to acquisitions, research and development and marketing initiatives. Since its incorporation, the Issuer has financed these expenditures through offerings of its equity securities. The Issuer will have further capital requirements and other expenditures as it proceeds to expand its business or take advantage of opportunities for acquisitions or other business opportunities that may be presented to it. The Issuer may incur major unanticipated liabilities or expenses. The Issuer can provide no assurance that it will be able to obtain financing on reasonable terms or at all to meet the growth needs of its operations.

Market for Securities and Volatility of Share Price

There can be no assurance that an active trading market in the Issuer’s securities will be established or sustained. The market price for the Issuer’s securities could be subject to wide fluctuations. Factors such as announcements of quarterly variations in operating results and acquisition or disposition of properties, as well as market conditions in the industry, may have a significant adverse impact on the market price of the securities of the Issuer. The stock market has from time to time experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance of particular companies.

Foreign Sales and Currency Fluctuations

The Issuer’s functional currency is denominated in Canadian dollars. The Issuer currently expects that sales will be denominated in euros or sterling pounds and may, in the future, have sales denominated in the currencies of additional countries in which it establishes operations or distribution. In addition, the Issuer incurs the majority of its operating expenses in euros and sterling pounds. In the future, the proportion of the Issuer’s sales that are international may increase. Such sales may be subject to unexpected regulatory requirements and other barriers. Any fluctuation in the exchange rates of foreign currencies may negatively impact the Issuer’s business, financial condition and results of operations. The Issuer has not previously engaged in foreign currency hedging. If the Issuer decides to hedge its foreign currency exposure, it may not be able to hedge effectively due to lack of experience, unreasonable costs or illiquid markets. In addition, those activities may be limited in the protection they provide the Issuer from foreign currency fluctuations and can themselves result in losses.

Estimates or Judgments Relating to Critical Accounting Policies

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. the Issuer bases its estimates on historical experience and on various other assumptions that it believes to be reasonable under the circumstances, as provided in the notes to the Stillcanna Inc. Annual Financial Statements and the Annual Financial Statements, the results of which form the basis for making judgments about the carrying values of assets, liabilities, equity, revenue and expenses that are not readily apparent from other sources. The Issuer's operating results may be adversely affected if the assumptions change or if actual circumstances differ from those in the assumptions, which could cause the Issuer's operating results to fall below the expectations of securities analysts and investors, resulting in a decline in the share price of the Issuer. Significant assumptions and estimates used in preparing the financial statements include those related to the credit quality of accounts receivable, income tax credits receivable, share based payments, impairment of non-financial assets, fair value of biological assets, as well as revenue and cost recognition.

ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

Refer to the Company's consolidated financial statements for the year ended July 31, 2019 for description of accounting policies and other disclosures.

OUTSTANDING SHARE DATA

As of April 30, 2020, the Company had 110,874,747 issued and outstanding common shares. As of the date of this MD&A, the Company has 110,874,727 issued and outstanding shares.

<u>Non-Brokered Private Placement</u>

On October 10, 2018, the Company closed a private placement for proceeds of $4,000,000 and issued 16,000,000 units at a price of $0.25 per unit. Each unit consists of one common share and one-half warrant. Each warrant was exercisable into one common share at a price of $0.50 per share until October 10, 2019. In connection with the private placement, the Company paid cash finders' fees of $87,900 and 421,200 finder's warrants with a fair value of $252,720. Each finder's warrant was exercisable into one common share at $0.50 until October 10, 2019.

<u>Acquisition of Borganic</u>

On March 14, 2019, the Company acquired all of the issued and outstanding shares of Borganic in exchange for 15,000,000 common shares of the Company. In connection with the transaction, the Company also issued 1,800,000 common shares to certain finders and 2,000,000 common shares to certain consultants in exchange for financial advisory services.

<u>Acquisition of Olimax and Brokered Financing</u>

On May 7, 2019, the Company acquired all of the issued and outstanding shares of Olimax in exchange for 24,000,000 common shares of the Company and $2,000,000 cash consideration. In connection with the acquisition of Olimax, The Company issued 1,300,000 common shares to certain finders and 700,000 common shares to certain consultants in exchange for financial advisory services.

As part of the acquisition of Olimax, the Company announced the completion of a brokered financing of an aggregate of 21,187,587 subscription receipts at a price of $1.15 per subscription receipt for aggregate gross proceeds of approximately $24,365,000. The net proceeds of the financing were released to the Company in connection with the satisfaction of the escrow release conditions by the Company through its successful acquisition of Olimax. The subscription receipts automatically converted into one common share of the Company and on-half of one common share purchase warrant. Each warrant is exercisable to acquire one common share for a period of 12 months at an exercise price of $1.73. In connection with the private placement, the Company paid a commission equal to 7.0% of the gross proceeds of the offering and issued warrants to acquire that number of Units which is equal to 7.0% of the aggregate number of subscription receipts sold under the offering. Each compensation warrant is exercisable at the issue price for a period of 12-months following the date the escrow release conditions are satisfied. The agent also received an advisory fee of $384,628.68 and 333,410 advisory warrants in connection with the offering. Each advisory warrant is exercisable at the issue price for a period of 12-months following the date the escrow release conditions are satisfied.

Exercise and Expiration of Warrants

During the nine-month period ended April 30, 2020, the Company issued 3,050,335 common shares for exercise of warrants for proceeds of $1,428,168, of which $16,250 was received in the prior fiscal period.

On October 10, 2019, 4,774,560 warrants issued at an exercise price of $0.50 on October 10, 2018 expired and were removed from the Company's warrant register.

Options:

A summary of the Company's stock option activity is as follows:

	Number of Options	Weighted Average Exercise Price
Balance, July 31, 2018	**1,015,000**	**$0.19**
Issued August 2, 2018	100,000	0.19
Issued October 12, 2018	1,050,000	0.63
Exercised, March 25, 2019	(125,000)	0.19
Exercised, March 29, 2019	(125,000)	0.19
Exercised, April 5, 2019	(80,000)	0.19
Issued May 27, 2018	1,800,000	1.23
Balance, July 31, 2019	**3,635,000**	**$0.83**
Balance, April 30, 2020	**3,635,000**	**$0.83**

During the year ended July 31, 2018, the Board approved the adoption by the Company of a new fixed number share option plan (the "**Fixed Option Plan**"), subject to shareholder and regulatory approval. The Fixed Option Plan is designed to provide certain directors, officers and other key employees of the Company with incentive share options at the discretion of the Board. Under the Fixed Option Plan, the number of Common Shares which will be reserved for issuance, including any options currently outstanding which were granted under the Company's 10% rolling Option Plan will not exceed 11,087,474 Common Shares as of the date of this report. Options are to be granted at the discretion of the Board to Service Providers as defined in the Fixed Option Plan. Capitalized terms used but not defined have the meanings ascribed to them in the Fixed Option Plan.

Warrants:

A summary of the Company's warrant activity is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, July 31, 2018	**5,450,000**	**$0.10**
Granted, October 10, 2018	8,421,200	0.50
Granted, May 7, 2019	12,076,925	1.73
Exercised	(2,352,500)	0.10
Exercised	(3,646,640)	0.50
Expired, October 10	(4,774,560)	0.50
Balance, April 30, 2020	**15,174,425**	**$1.34**

As of April 30, 2020, the following warrants were outstanding and exercisable:

Number of Warrants Outstanding	Exercise Price	Expiry Date	Number of Common Shares Issuable
3,340,000	$ 0.10	January 12, 2023	3,340,000
12,076,925	$ 1.73	May 7, 2020	12,076,925
15,174,425			15,174,425

APPOINTMENTS AND RESIGNATION OF DIRECTORS AND EXECUTIVE OFFICERS

On March 2, 2020, Stillcanna announced the appointment of Mr. Paul van Issum as the President of European Operations. Previous to this appointment Mr. van Issum was working directly with Mr. Dussault and the Stillcanna management team for more than a year, most recently as a consultant spearheading Origin's permit and approval processes which were successfully granted during the quarter.

FINANCIAL AND DISCLOSURE CONTROLS AND PROCEDURES

During the three months ended April 30, 2020, there has been no significant change in the Company's internal control over financial reporting since last year.

The Chief Executive Officer and Chief Financial Officer of the Company are responsible for establishing and maintaining appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete, reliable and timely. They are also responsible for establishing adequate internal controls over financial reporting to provide sufficient knowledge to support the representations made in this MD&A and the Company's consolidated financial statements for the year ended July 31, 2019.

The Chief Executive Officer and Chief Financial Officer of the Company have filed the Venture Issuer Basic Certificate with the Interim and Year End Filings on SEDAR at www.sedar.com.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("**NI 52-109**"), the venture issuer basic certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("**DC&P**") and internal control over financial reporting ("**ICFR**"), as defined in NI 52-109. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency, and timeliness of interim and annual filings and other reports provided under securities legislation.

APPROVAL

The Board of Directors of the Company has approved the disclosure contained in this MD&A and the Company will be provide copies upon request.